FitchRatings Public Finance

Revenue
Special Report

U.S. Airport Debt 2002–2006: A Post Sept. 11 Survey

$85 Billion in Capital Needs

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Related Research

- "U.S. Airports in the 21st Century: Secure at What Cost?," April 10, 2002
- "Unexpected Turbulence: U.S. Airports Respond to a Changing Environment," Jan. 29, 2002
- "U.S. Airlines' Passenger Market Share Statistics at U.S. Airports," Nov. 29, 2001
- "U.S. Airport Bonds and Airlines Since 1978's Deregulation: The Great Credit Divide," Nov. 29, 2001
- "U.S. Airport Debt — The Sky's the Limit," Feb. 9, 2001
- "Airport Revenue Bonds Flying High," April 28, 2000

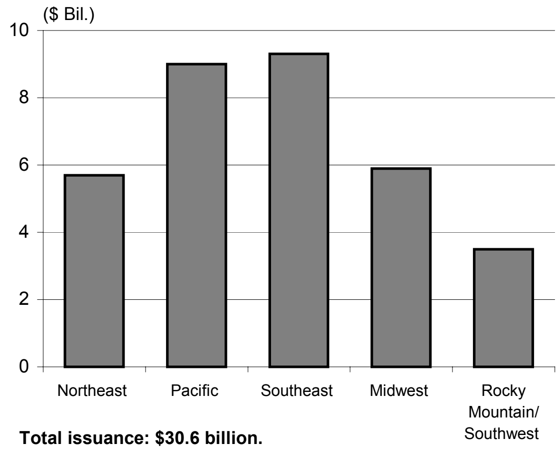
■ Summary

Amidst the double-digit percentage passenger decline in the post Sept. 11 environment from September 2001 through January 2002, every airport in the nation has modified or is reviewing its capital improvement plan (CIP). Based on a survey of these, Fitch Ratings calculates $85 billion in assessable short-, medium-, and long-term capital needs for its 64 Fitch-rated U.S. airports and predicts $30.6 billion of new money debt to be issued between 2002–2006. This confirms that many capacity projects are being deferred in the short term, but almost none have been cancelled. Security costs will spike but should be paid for mostly at the federal level. Much needed capacity projects are well documented, but future security costs remain unknown as the federal government transitions into its new role of airport security.

Specifically, Fitch calculates that from 2002–2006 the Northeast Region has a collective $22.8 billion in capital needs and may issue up to $9.0 billion in debt; the Southeast Region has roughly $19.2 billion in total needs and may issue up to $9.3 billion in debt; the Pacific Region has roughly $18 billion of projects with $5.7 billion in debt; the Midwest Region has roughly $15.9 billion in capital projects with $5.9 billion in debt; and the Rocky Mountain/Southwest Region has a collective $8.9 billion of projects with $3.5 billion of debt. In February 2001 Fitch assessed $88 billion in U.S. airport CIPs. As security requirements are better documented, Fitch feels that these CIPs could be conservative. (S*ee Fitch Research, "U.S. Airports in the 21st Century: Secure at What Cost?" dated April 10, 2002, available on Fitch's web site at www.fitchratings.com.)* Even though security and safety projects are now top priority for U.S. airports, do not forget that in 2000, one of every four flights in the U.S. was delayed, diverted, or cancelled, largely due to insufficient airport infrastructure because of underinvestment in years past. The capacity issue has not fixed itself since then.

Fitch believes that new money airport bond issuance will rebound in 2002–2003 for the following reasons: the quantitative backlog of capacity and improvement projects is $85 billion and growing; the federal government could have fewer resources to grant to airports as federal deficits return; and there is a potential funding gap for the new federally funded security requirements. Refunding bonds should also experience a strong rebound as the succession of interest rate cuts in 2001 presents refunding opportunities and the bubble of new money debt issued in the early 1990s has call dates approaching.

Projected Fitch-Rated Airport Bond Issues By Region — 2002–2006



Total issuance: $30.6 billion.
Source: Fitch Ratings Research.

■ Post Sept. 11 Assessment of Airport Capital Needs

This report is an update of a previous report, "U.S. Airport Debt: The Sky's the Limit," *(see Fitch Research dated Feb. 9, 2001, available on Fitch's web site at www.fitchratings.com)* in which Fitch calculated a collective $88 billion in total capital requirements and predicted roughly $29 billion of airport debt offerings in the primary bond markets from 2001–2005.

In addition to assessing the changes in capital needs and timing for Fitch-rated airports in the post Sept. 11 environment, this year's report includes six new airports and excludes one airport from last year. The six additional airports in this year's report are: Chicago Midway (IL), Hartford Bradley International (CT), Las Vegas McCarran International (NV), Norfolk International (VA), Palm Beach International (FL), and Tucson International (AZ). Missing from this year's report is Little Rock National Airport (AR), as it has retired its outstanding passenger facility charge (PFC) secured bonds ahead of its original 2016 maturity schedule. During 2001, Fitch also rated $5.8 billion of new money debt.

■ Post Sept. 11 FAA Aviation Forecast

On March 11, 2002, the Federal Aviation Administration (FAA) released its annual commercial aviation forecast, its first one since Sept. 11, 2001. In summary, the forecast noted that air travel had dropped 1.8% before Sept. 11 because of the economic slowdown, and that Sept. 11 also kept millions of passengers from flying. U.S. passengers peaked at 695 million in the 12 months through Sept. 30, 2000 but this figure is expected to drop to 600 million in the federal fiscal year (FFY) ending Sept. 30, 2002.

During FFY 2003, however, the number of passengers is expected to grow by 14% to 684 million, and then grow by an average of 4.2% annually, reaching one billion by 2013. A year ago, the FAA predicted that U.S. airlines would be carrying one billion passengers a year by 2010. Overall, 22% of flights by the major airlines in 2001 were delayed, canceled, or diverted, down from 27% in 2000.

This forecast acknowledges the fact, according to the Air Transport Association, that the revenue passenger enplanements on its member carriers declined 33.7% on a year-over-year basis for September 2001, followed by declines of 23.2% in October, 19.8% in November, 14.7% in December, and 14.9% in January.

Fitch-Rated Airport/Port Authority Credits

(As of March 2002)

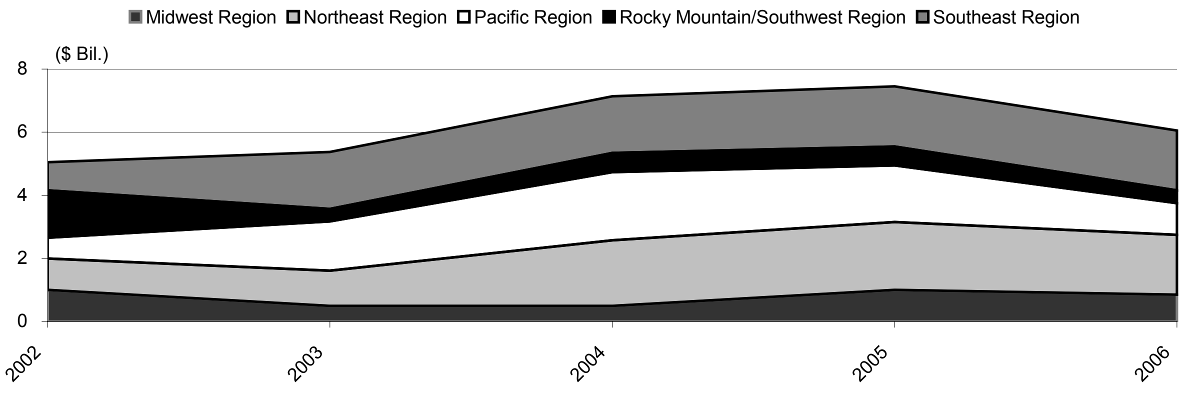
Current $1.0 Billion+ Debt Outstanding

Chicago Midway Airport
Chicago O'Hare International Airport
Dallas-Fort Worth International Airport
Denver International Airport
Detroit International Airport
Hartsfield Atlanta International Airport
Houston Airport System
JFK International Air Terminal LLC
Las Vegas McCarran International Airport
Metropolitan Washington Airports System
Miami International Airport
Minneapolis-St. Paul International Airport
Philadelphia International Airport
Port Authority of New York and New Jersey
Orlando International Airport
San Francisco International Airport
Port of Seattle

Projected $1.0 Billion Debt Outstanding by December 2006

Los Angeles International Airport
Massachusetts Port Authority
Port of Oakland

Expected Fitch-Rated U.S. Airport Debt Issues — 2002–2006
(Years Ending Dec. 31)



Source: Fitch Ratings Research.

Capital Improvement Plan Highlights

Airports nationwide continue to confront the backlog of capacity, renovation, and safety projects. For some congested airports, such as Hartsfield Atlanta International (ATL), this lull in demand has been a chance to implement catch-up projects. Other airports, such as Los Angeles International (LAX), are focusing more on security rather than expansion spending, and some, such as Boston Logan (BOS), are reeling in long-term plans until passenger demand has re-established itself. Each airport tells a different story.

Of the $85 billion total capital needs, almost $49 billion is accounted for by the 10 largest CIPs, representing the core of construction activity. The 10 largest by Fitch's count are John F. Kennedy (JFK), Chicago O'Hare International (ORD), LAX, ATL, Newark International (EWR), Miami International Airport (MIA), Dulles International (IAD), Dallas-Fort Worth International (DFW), Oakland International Airport (OAK), and Sea-Tac International Airport (SEA). Fitch now rates 17 airport credits that have $1 billion or more debt outstanding, up from 13 one year ago, and seven of these should issue at least $1 billion more through 2006. Additionally, Fitch expects that three airport credits now will surpass $1 billion through 2006.

Northeast Region

Total Capital Needs: $22.8 Billion; Debt Through 2006: $9.0 Billion. NYC's three airports, JFK, EWR, and LaGuardia Airport (LGA) represent the bulk of the northeast's activity, but IAD and Baltimore/Washington International (BWI) both have $1 billion in needs too. BOS has curtailed spending based on two-year plans going forward, and many of the region's small hub airports have begun their respective expansion plans.

Southeast Region

Total Capital Needs: $19.2 Billion; Debt Through 2006: $9.3 Billion. ATL, the world's busiest airport, leads the way, but Florida's three large-hub airports represent the bulk of this region's spending. Raleigh-Durham International (RDU) also has $1.5 billion in expansion projects. Memphis International (MEM) continues on airfield expansion to accommodate Federal Express Corp.'s (FedEx) world headquarters, and Louisville International (SDF) continues to grow with United Parcel Service's (UPS) world aviation headquarters.

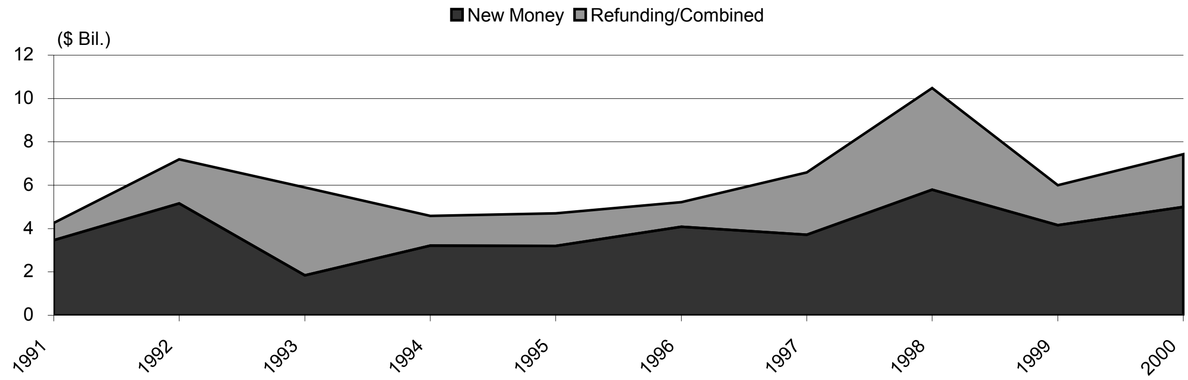
Pacific Region

Total Capital Needs: $18 Billion; Debt Through 2006: $5.7 Billion. California's airports dominate this region with the San Francisco Bay area's three airports and LAX's master plan. While LAX's master plan is being refocused for safety projects, it is still expected to contain roughly $8 billion–$10 billion of projects. San Francisco International (SFO) has completed most of its near-term projects but still faces the expected airfield reconfiguration plan that could cost billions. Seattle, San Jose, and Oakland all have $1 billion plus plans.

Midwest Region

Total Capital Needs: $15.9 Billion; Debt Through 2006: $5.9 Billion. ORD's recently released $6 billion airfield reconfiguration plan is adding

Total U.S. Airport Debt Issued — 1991–2000



Source: Thomson Financial Services.

muscle to the nation's stock of connecting hub airports. Minneapolis-St. Paul International (MSP), St. Louis Lambert International (STL), and Columbus International have $1 billion in needs, and Detroit International (DTW) just opened its $1.2 billion midfield terminal in February 2002.

Rocky Mountain/Southwest Region

Total Capital Needs: $8.9 Billion; Debt Through 2006: $3.5 Billion. DFW plans $2.6 billion through 2006 leading the way, but Las Vegas McCarran (LAS), Houston Intercontinental (IAH), and Denver International (DEN) all have $1 billion of projects as well.

■ Fitch's January 2001–March 2002 Airport Bond Ratings

Between Jan. 1 and Sept. 11, 2001, U.S. airports were in full-tilt catch-up mode for capacity-related projects, and Fitch assigned 31 ratings to primary market airport bond offerings. Between Sept. 12, 2001 and March 15, 2002, Fitch assigned four airport bond ratings, three of which were refunding issues, as airports across the nation put the brakes on capacity spending plans and began to focus on security requirements.

Of these ratings, $5.8 billion were new money, and $2.0 billion were refunding activity. Additionally, Fitch assigned ratings to $1.6 billion of secondary market airport debt. Upgrades affected about $500 million of debt, and downgrades affected $468 million of debt.

There were three airport upgrades heading into September 2001. Between September 2001 and December 2001, 13 airport (general airport revenue bond) GARB credits, two PFC secured credits, and three airport special facility credits were put on negative outlook, and three special facility credits were downgraded *(see table, page 20)*.

■ Capacity Projects at U.S. Airports

Prior to Sept. 11, 2001, capacity projects were the prime focus for U.S. airports. Even though security and safety projects are now top priority in capital spending, do not forget that in 2000, one of every four flights in the U.S. was delayed, diverted, or cancelled, due largely to underinvestment in years past. The capacity issue has not fixed itself since then. While the current reduction in passenger travel has delayed some capital expansion projects, history strongly suggests that aviation demand will rebound in the near term, and Fitch believes that long queues on runways will begin again if these long lead-time capacity projects are put on hold too long.

■ Rising Security Costs at U.S. Airports

It is important to note that almost none of the capital plans included in this report reflect the required future security enhancements under the Aviation and Transportation Security Act that could cost billions and represent additional major capital expansion projects. As mandated by the Security Act, the Transportation Security Administration (TSA) is accountable for crafting specifications and regulations for Explosive Detection Systems (EDS) machine installation — which is still under deliberation — and for hiring and managing the roughly 35,000–50,000 additional federal baggage screeners that are expected to be needed. The regulations for EDS installation, what type of EDS machines, and the formula for how many EDS machines and security screeners per airport have not been determined, so that all current figures are merely estimates. It is expected that terminal reconstruction costs to install the EDS machines and ancillary screening machinery could be in the billions. Until the TSA issues these specifications and airports can assess how much terminal reconstruction may be necessary, costs that airports will face will not be known (*see Fitch Research, "U.S. Airports in the 21st Century: Secure at What Cost?" dated April 10, 2002, available on Fitch's web site at www.fitchratings.com).*

■ Fitch-Rated U.S. Airports Capital Improvement Plan Summaries

Pacific Region (15 Airports)

Dept. of the Airports of the City of Los Angeles— Los Angeles International Airport: Part of Los Angeles World Airports (LAWA), LAX is the nation's third busiest airport and the principal gateway to the West Coast. LAX continues to develop priorities for its long-range capital plan, the LAX 2015 master plan, which was initiated in 1994. Prior to September 2001, LAWA had released the draft environmental impact reports for the proposed LAX master plan and was gathering public input concerning several alternative approaches, with total costs estimated to range from $12 billion to $15 billion. In the wake of Sept. 11, LAWA is developing an alternative that reduces emphasis on expansion and increases focus on security improvements. LAX's last major improvements were for the 1984 Olympics, which targeted capacity at 40 million passengers. LAX gridlock is forecast at 79 million passengers without expansion, and LAX served 67 million passengers in fiscal 2001. With the Master Plan being re-evaluated, LAWA has deferred many planned projects in its $824 million short-term CIP (fiscal years 2001–2003). Reversing a seven-year old policy from his predecessor not petitioning for FAA grants, the new Mayor of Los Angeles has directed LAWA to apply for Airport Improvement Program (AIP) grants at LAX. Funding sources going forward can include airport revenue, AIP grants, commercial paper, GARBs, and PFC funds. LAX collects a $3.00 PFC charge.

Airport Commission of the City and County of San Francisco — San Francisco International Airport: The primary airport for the Bay Area, SFO has completed the vast majority of its $2.4 billion near-term master plan (NTMP), the centerpiece of which is the new international terminal complex, and has completed approximately $3.5 billion of its $4.7 billion 1995–2005 capital plan. The final element of the NTMP, the $555.3 million airtrain people mover system, is scheduled for completion in 2002. All of the bonds for the NTMP have been issued. In June 2001, the Airport Commission adopted a multi-year (2002–2006) capital plan totaling $1.1 billion, but following Sept. 11, 2001, management put this on hold. To date, the airport has cancelled a $54.0 million renovation project for the former central terminal and has delayed all other projects, totaling roughly $800 million, except those that are already funded, under contract or are required for operational safety and security. At this point, SFO tentatively plans to implement a variable-rate bond program in 2002 and also may issue fixed-rate debt in 2002, but the timing and par amounts are not finalized. These financing plans do not include the cost of the Airport Commission's blue ribbon panel review, which addresses SFO's airfield reconfiguration and off-shore runway that could cost billions. SFO collects a $4.50 PFC charge.

Port of Seattle — Sea-Tac International Airport: The busiest airport in the Pacific Northwest and a major point of access to Alaska, SEA has a 10-year CIP (fiscal years 2002–2010) of $1.7 billion in committed expansion and renovation projects, $876 million of prospective projects, and $75 million of alternative finance projects. SEA's master plan CIP was approved by the FAA in 1997, and from 1997 to 2001, $1.2 billion was spent. Current passenger loads exceed design capacity at SEA, as the last major renovation was completed in 1974. Major projects include the $773 million third runway, which should open in 2006, the $470 million south and central terminal expansion, and the new $209 million rental car facility. In response to Sept. 11, SEA delayed $144 million in project spending scheduled for 2002 until 2003 and is developing cost projections for security upgrades. In addition to the near-term expansion of SEA's existing facilities, SEA plans to build a new terminal and related facilities, the north end development program, which is demand driven; the timing and scope will depend, in part, on post Sept. 11 traffic patterns. Costs of this program are not included in the $2.7 billion. SEA expects to issue an additional $1 billion in debt to complete this capital program, as well as use excess cash, PFC, and AIP letter of intent (LOI) monies. In 2001, SEA expanded its commercial paper program from $100 million to $250 million. SEA collects a $4.50 PFC.

State of Hawaii, Hawaii Airports System — Honolulu International Airport (HNL): One of the busiest airports in the Pacific, HNL serves mostly tourist passengers to the Hawaiian Islands. The system is composed of 15 airports on six islands and has a monopoly on providing commercial airport service in Hawaii, an essential service given the state's isolation and its island configuration. HNL, the largest airport in the system, is accompanied by four smaller airports, three of which (Kahului Airport in Maui, Kona Airport in Hawaii, and Lihue Airport in Kauai) served over one million enplanements in fiscal 2000. The system's relatively modest 2002–2007 CIP totals $491 million, $96 million of which has been spent already. Like other airports in the post Sept. 11 environment, Hawaii's CIP is still in the process of rescoping and reprioritization to reflect the latest security needs. Appropriations for CIP projects must be made by the Hawaii State Legislature. In 2001, the Airports Department cash-defeased $160 million of outstanding debt. Hawaii currently does not collect PFCs and does not expect to issue new money debt in the near term.

California Maritime Infrastructure Authority — San Diego Unified Port District/San Diego International Airport (SAN): The main airport for San Diego County and San Diego City, the nation's seventh largest city, SAN is implementing its $259 million short-term CIP. Projects in this CIP are scheduled to be complete between 2002 and 2006. In 2002, SAN is pursuing environmental review of steps one and two of its master plan that includes terminal, parking, and vehicle access improvements through 2010. Land acquisition and airfield expansion projects account for roughly $143 million of the CIP. The short-term CIP is to be funded through AIP grants, PFC revenue, SAN cash, and short-term borrowing. SAN's master plan includes potential long-term development scenarios to 2020, including a potential new runway for SAN's constrained airfield. Even if another runway is built, SAN is projected to reach operational capacity by 2020–2025. California Assembly Bill 93 (AB93), creating a new San Diego County Regional Airport Authority (SDCRAA) was signed into law in 2001 and in its current form contains more questions than answers for SAN. The title transfer of SAN from the California Maritime Infrastructure Authority to the new SDCRAA will take place on Dec. 2, 2002 barring urgency legislation. SAN collects a $3.00 PFC.

City of San Jose — San Jose International Airport (SJC): Renamed the Norman Y. Mineta San Jose International Airport in Nov. 2001, SJC is the main airport for California's Silicon Valley and accounts for roughly 20% of the greater Bay Area's flights. Prior to Sept. 2001, SJC's long-term CIP contained roughly $1.6 billion–$2.0 billion in projects to handle its significant capacity constraints, expansion needs, and local transportation requirements. This CIP is currently under review for potential changes and security projects. SJC's second runway, 30R, was opened in August 2001, which was largely financed by series 2001 GARBs. A new interim federal inspection service (FIS) facility is under construction and expected to be open in 2002. Once its four transportation projects are within two years of completion, SJC is expected to begin construction on a new terminal, to increase its total gates from 31 to 40. No additional long-term debt is anticipated to be issued until the CIP has been further reviewed. SJC has a $100 million commercial paper limit and was awarded $81 million in LOI grants for this CIP. In April 2001, SJC implemented its $4.50 PFC authorization.

Port of Oakland — Oakland International Airport: Accounting for 23% of Bay Area flights, the Port of Oakland's aviation division has approximately $1.75 billion in airport improvement projects in its 2002–2012 CIP for the north (air cargo) and south (OAK) airports. These projects focus on the $1.39 billion expansion of the passenger terminal, concourses, and gates, a six-level parking structure, and a two-level roadway at OAK. The remaining $363 million will be spent on improvements to the north and south fields. The Port's aviation CIP will be funded from $176 million in retained earnings, $163 million PFC pay-as-you go revenue, $261 million in PFC-secured bonds, $155 million in AIP grants, $148 million in commercial paper, and $640 million in port authority revenue bonds. The Port expects to issue debt in late fiscal years 2001–2002 or early fiscal years 2002–2003, then possibly, every other year through 2009, though a schedule has not been finalized. The Port collects $3.00 PFCs.

Orange County, CA, — John Wayne Airport (SNA): As Orange County's only commercial airport, SNA is undertaking its $41 million five-year CIP (2002–2006). Of this, SNA is expected to finance $24 million from airport revenues and reserves and $17 million is anticipated from the FAA for AIP-eligible projects. JWA prioritized the planned airport improvement projects that are eligible for FAA grant funding. SNA's focus is on urgent security related projects to comply with the Aviation Security Act, as well as several other projects, including seismic remediation for its parking garage and elevated roadways, and a new fire station. SNA does not anticipate issuing bonds in the near term. SNA does not collect a PFC charge but may apply for authorization in 2002.

Sacramento County Airport System — Sacramento International Airport (SMF): While terminal A opened in 1998, offering 12 new gates to SMF, Sacramento's current focus is on parking capacity. SMF is currently updating its long-term CIP and continues to implement its short-term CIP (2000–2004) with approximately $200 million in projects, $163 million of which is dedicated for SMF. Of this, $70 million is allocated for a new 4,250-space parking garage and approximately $40 million for various airfield improvements. Mather Airport, Sacramento's air cargo field, has $29 million of projects included in the CIP. Almost $60 million of series 2002 revenue bond debt, $6 million of special facility bond debt, $42 million of AIP grants, and $46 million of retained earnings are anticipated to finance the CIP. SMF had a $3.00 PFC charge but began collecting a $4.50 PFC on Feb. 1, 2002.

Airport Authority of Washoe County — Reno-Washoe International Airport (RNO): RNO recently completed the final draft of its terminal area master plan, which looks at development in three time phases – for the years 2005, 2010, and 2020. This report will provide plans for long-term growth for the entire airport and its related facilities. RNO has also completed a concession master plan that is being implemented for which new food and beverage concessions are being built and should be completed by the second quarter of 2002. Since Sept. 11, RNO has held up on all other capital projects, which are being reviewed on a case-by-case basis on whether to move forward. The current PFC will be amended to move a $10 million cargo ramp project out for two years and substitute that project with debt service pay-go. The 2010 CIP has expenditures of $19 million, including improved airside signage, phase V of the terminal ramp reconstruction, and land acquisition, which will be financed by RNO revenues, AIP grants, and PFC funds. RNO does not anticipate issuing any new debt but may refund its outstanding series 1992 bonds. RNO collects a $4.50 PFC charge.

Dept. of the Airports of the City of Los Angeles — Ontario International Airport (ONT): Part of Los Angeles World Airports (LAWA), Ontario International Airport serves the inland empire of Southern California and is located about 35 miles east of downtown Los Angeles. ONT is in the beginning stages of developing a 20-year master plan for the airport that is expected to take approximately two years. As a result, estimates are not currently available for the projected cost to complete the master plan or to implement the projects that it will entail. In the near term, several airfield projects are expected to begin construction in 2002. These projects include the $34.2 million reconstruction of runway 26R and the $20.2 million westerly extension of taxiway N. Funding for both projects is expected to include AIP grants. In addition, $8.4 million has been approved in PFC funds for the taxiway N westerly extension project. ONT collects a $3.00 PFC charge.

State of Alaska — Alaska International Airports System (AIAS) — Anchorage International Airport (ANC) and Fairbanks International Airport (FAI): With the entire state of Alaska as its service area, AIAS has a five-year CIP (2002–2006) that contains $330 million in demand-driven projects at its two airports, ANC and FAI. This CIP takes into account the events of Sept. 11 on the AIAS. Major projects include completion of the $230 million Gateway Alaska terminal redevelopment project at ANC that is scheduled to fully open in the second quarter of 2004. Aside from this, airfield projects at ANC and FAI account for $181 million in expenditures, $52 million in terminal projects, $47 million in environmental mitigation, and $18 million in safety projects. ANC is one of the busiest cargo airports in the world. Both FAI and ANC have recently begun collecting PFCs, which will assist in funding the CIP. AIAS plans to finance the majority of its CIP through two GARB issues, $143 million in the first quarter of 2002 and roughly $150 million in 2004, $120 million in AIP grants, and $13 million in PFC revenue. AIAS collects a $3.00 PFC charge at ANC and at FAI.

Spokane County — Spokane International Airport (GEG): Serving the inland northwest area of Washington State, Idaho and Montana, GEG currently has $81 million of phase I projects from 2002–2005, $53 million of phase II projects scheduled from 2006–2010, and $242 million of long-term phase III projects from 2010–2020. Through 2005, projects include rehabilitation and relocation of taxiways, additional cargo aprons, a new access road, and relocation of the airfield perimeter road. These projects will be funded by AIP and PFC revenues, as well as excess cash. No additional long-term debt is anticipated until 2007–2009. GEG is making infrastructure improvements to enhance future capacity that should maintain effective rates and charges with use of nondebt financing. Current phase II projects include extending the primary runway. GEG collects a $3.00 PFC charge.

City of Fresno — Fresno Yosemite International Airport (FAT): The main airport for California's fertile San Joaquin Valley, Fresno has a $55.5 million CIP (2001–2007). Already funded with series 2000 bonds and AIP funds, the CIP includes terminal and concourse expansion and improvements, landside improvements, airside improvements, and more parking capacity. The airport's airside/landside portion of its CIP will be completed soon, and the terminal building renovation and expansion should be completed in 2002. Since Sept. 11, FAT has deferred a $2.1 million AIP grant for taxiway reconstruction to be used instead for security system upgrades. Otherwise, nothing in the CIP is changed. Fresno does not expect to issue additional debt in the near to medium term and collects a $3.00 PFC charge.

Rocky Mountain/Southwest Region (10 Airports)

Cities of Dallas and Fort Worth — Dallas-Fort Worth International Airport: DFW, the corporate headquarters for American Airlines, has a six-year (2001–2006) CIP with $2.6 billion in projects. Incorporated in the CDP are $224 million in airfield projects and runway extensions, $256 million of support infrastructure projects, and $159 million of roads and parking projects, although $204 million in near-term projects are temporarily deferred. The new $1 billion international terminal, terminal D, containing 23 international or domestic swing gates, will consolidate existing international flights, centralize the FIS facility and have a 7,000-space parking garage. DFW's $847 million automated people mover (APM) is its second-largest project. Terminal D and the APM, both scheduled to open in 2005, represent 77% of the CDP's total cost. DFW expects to issue $500 million of GARBs in the spring of 2002, $400 million in the early winter of 2002, and $300 million in the spring of 2003. DFW issued $650 million of new money and refunding bonds in the fourth quarter of 2001. Three long-term projects that are on hold are the eighth runway project (roughly $350 million), the proposed terminal F project (roughly $840 million), and a proposed light-rail system connecting DFW to the Dallas DART and to Fort Worth's T light-rail system. DFW collects a $3.00 PFC and has authorization to collect $1.7 billion in PFC revenue.

City and County of Denver — Denver International Airport: Serving the largest city in the Rocky Mountains and 55% of Colorado's population, DEN has a five-year CIP (fiscal years 2002–2007) that contains approximately $787 million of planned projects and an additional $804 million of demand-responsive projects. Major projects include the proposed sixth runway, a United Airlines regional jet facility, an airport hotel, and various other airfield projects and roadway projects. Following Sept. 11, DEN reviewed its CIP and decided to defer or decelerate approximately $500 million in capital projects. This impacted several major projects, including the United Airlines regional jet facility, a parking structure, and a hotel. Other major projects currently underway, including the sixth runway, will continue, and the length of project deferral is dependent on air traffic. DEN currently expects to fund the active projects through $60 million in commercial paper in 2002, replenishing the capacity together with issuing $150 million in refunding debt in 2002. Future new money capital requirements are expected to be met through commercial paper capacity, annually converted to fixed- or variable-rate GARBs. PFC revenues are expected to contribute $400 million, and AIP grants should supply an additional $110 million. DEN collects a $4.50 PFC charge.

Clark County — Las Vegas McCarran International Airport: LAS is the busiest airport in the State of Nevada and principal air service provider for the nation's largest gaming center. Its $1.5 billion CIP (2001–2011) includes mostly landside projects. About $400 million of projects (D gate expansion and consolidated rental car facility) are being temporarily deferred since Sept. 11 and should proceed when traffic rebounds. The major assignment is a 10-gate expansion of concourse D, and another 10-gate expansion of concourse D may occur in future years. Other projects are based on preliminary activities, such as design, engineering, land development, and utility and roadway relocation, for a new terminal — terminal three. At complete build-out, the county estimates the new terminal will include 16 gates and related facilities and construction of a new consolidated rental car facility. Due to the tremendous demand and relative lack of space at LAS, Clark County is considering development of a new airport in Ivanpah Valley, NV — about 35 miles southwest of Las Vegas, but the new airport is a long-term project and the scope and timing of the new facility are still premature. LAS currently expects to issue an additional $600 million of subordinate revenue and PFC-secured bonds for development of terminal three, subject to aviation demand. LAS charges a $3.00 PFC and is authorized to collect $1.7 billion by the FAA, of which roughly $340 million has already been collected.

City of Houston Airport System (HAS) — George Bush Intercontinental, William P. Hobby Airport (HOU), and Ellington Field (EFD): Consisting of a major large-hub international airport, a medium-hub domestic airport, and a cargo airport (IAH, HOU, and EFD, respectively), HAS serves the needs of the largest city in Texas. Its ongoing CIP (1997–2006), estimated at $2.8 billion, seeks to accommodate the dominant carriers at IAH and HOU, Continental and Southwest. The current portion of the CIP (2002–2006) represents $1.3 billion in projects. The majority of the total CIP, approximately $2.0 billion, is for various projects at IAH. These projects include one new runway, the extension and widening of a second runway, various additional airfield projects, the terminal A/B program, terminal C rehabilitation, and the international services expansion program. HOU accounts for approximately $408 million in improvements, including two new replacement concourses, terminal building renovations, various airfield projects, and a new parking garage. EFD projects and HAS system-wide improvements account for an additional $175 million in projects. Following Sept. 11, HAS expects major elements of the CIP will continue on schedule, although $335 million of projects will be delayed by at least six months through 2006. Many remaining projects are critical elements that have already begun, have long construction periods, or continue to be required regardless of the slowdown. Additional debt, AIP grants, and retained earnings are expected to finance the remainder of the HAS CIP. HAS has been approved for a 10-year LOI from the FAA for $100 million in discretionary funds, subject to annual federal appropriations. The amount of debt, which could be as much as $790 million, depends on the level of AIP funds HAS will receive. HAS does not collect PFCs.

City of San Antonio — San Antonio International Airport (SAT): The third busiest airport in Texas, SAT, has a $425.6 million 10-year (2002–2011) CIP to accommodate the expected continued passenger growth at SAT and to rehabilitate facilities at SAT and Stinson Field, SAT's general aviation airport. The current CIP projects reflect SAT's 1998 master plan study that determined airfield and terminal capacity is insufficient and also considers adjustments in project schedules as a result of Sept. 11. The CIP includes several runway and taxiway projects, as well as the construction of two new terminal concourses to replace the outdated terminal two. Also included is expansion to the SAT's parking facilities and roadway system. In addition to the series 2002 bonds, funding sources are expected to be $27 million in future GARBs, $70 million in future PFC bond issues, pay–go PFCs, department funds, and federal AIP grants. Tentative bond offerings include a $100 million GARB and $38 million PFC-secured issue in 2002. SAT collects a $3.00 PFC charge.

City of Albuquerque — Albuquerque International Sunport (ABQ): The only commercial airport in the State of New Mexico, the Sunport's 25-year master plan should be finalized by summer 2002. ABQ is currently implementing its $396 million 2002–2007 CIP, much of which is for the latter years. ABQ has excess capacity for both its landside and airside operations, with six vacant gates and capacity for 37 additional daily flights at its terminal building, and most projects will be roadway and parking projects. Currently, ABQ has $34.8 million of renewal projects, $20.5 million of rehabilitation projects, and $340 million of new projects. Goals of the master plan update, in addition to assessing infrastructure needs through 2025, are to implement projects only as demand-responsive or as necessary. Based on demand, ABQ tentatively plans to issue roughly $256 million of GARBs, most of which would be for the new terminal between 2004–2007. ABQ collects a $3.00 PFC charge.

City of Tucson — Tucson International Airport (TUS): Serving the Tucson greater area of southern Arizona, TUS is currently implementing its $121 million 2001–2005 CIP. Its series 2001 bonds and PFC revenues funded the airport's 2001 projects, including a $54 million terminal expansion and an $8 million land acquisition purchase for future expansion. All 2001 projects are funded and should be complete by January 2004. In addition to the 2001 projects, the $55.2 million five-year CIP includes a

$16.5 million parking garage, to be built and open in 2002, $10 million for continuation of the sound insulation program, $6.6 million of additional land acquisition, and other smaller projects. TUS management is assessing the timeline of these remaining projects in the post Sept. 11 environment, and while some may be delayed, TUS does not expect any projects to be cancelled. An additional debt issuance may be necessary to develop this CIP, though no schedule has been developed. TUS collects a $3.00 PFC charge.

City of El Paso — El Paso International Airport (ELP): ELP's five-year CIP (fiscal years 2001–2006) contains $104 million for four major projects. These projects include a $6 million runway extension, an $11 million four-mile roadway extension, a new 144,000 square foot cargo facility at the airport's Industrial Park, and several aircraft parking ramps. ELP's primary focus is on expanding and improving its cargo facilities, as it is the principal cargo airport for the maquiladora industry of El Paso and Juarez, Mexico. This five-year capital plan will be completely funded by internal revenues and PFC revenues. Unlike many other airports, ELP is not forced to postpone any of its capital projects in the wake of Sept. 11. ELP collects a $3.00 PFC.

City of Corpus Christi — Corpus Christi International Airport (CRP): The regional airport of the southern coastal area of Texas, CRP is in the midst of its $30 million 2000–2005 CIP, roughly $12 million has been expended as of January 2002. Approximately $7 million of terminal improvements have been completed, and the majority of remaining projects are two runway extensions, other airfield work, and updating the airport's master plan, all expected to be funded through AIP grants and local sources. No additional debt is expected through 2006. CRP collects a $3.00 PFC and is currently applying for a $4.50 authorization.

Midwest Region (Nine Airports)

City of Chicago — O'Hare International Airport: The world's second busiest airport and a hub for both United and American Airlines, as well as United's corporate headquarters, ORD has $9.66 billion in capital needs, mostly unescalated figures, through 2015. These projects accounted for in the World Gateway Program (WGP), the Airfield Reconfiguration Plan (ARP), and the CIP.

The $1.56 billion WGP Phase I, to be developed over roughly six years and to address capacity needs through 2012, entails construction of two new passenger terminals, two new federal customs inspection facilities, and redevelopment of existing terminals. Terminal six and concourse K extension will add 23 new gates, providing the space necessary to relocate carriers from concourses E, F, and L to make way for the construction of terminals two and four. The terminals will accommodate newer larger aircraft and should reduce flight delays. Runways are not part of the WGP. Phase II of the WGP, with plans for a new terminal four and a reconstructed terminal two, is subject to future negotiations between the city and the airlines, and costs are not yet assessable. The city expects that WGP phase I will be funded by $200 million in federal grants, $700 million in PFC funding, and $650 of bond proceeds through 2006. In December 2001, a $6 billion (unescalated) agreement between the Governor of Illinois and the Mayor of Chicago was reached regarding ORD's medium- to long-term airfield expansion plans. Included in the ARP agreement are: one new runway, reconfiguration of ORD's seven existing runways, a new traffic entrance on the western side of ORD, and an additional $450 million in soundproofing of nearby homes and schools. Also, Meigs Field will remain open until Jan. 1, 2026 but could be closed any time after Jan. 1, 2006, if allowed under state law. As long as Meigs remains open, its operating expenses will be financed by ORD's major airlines, UAL and American. After land acquisition, construction on the ARP could begin by 2006, with construction of the south runway allowed after 2011. Under terms of the deal, both the mayor and the governor are committed to push for construction of a new airport in suburban Peotone, IL. In addition to PFC funds and federal grants, the city expects $6 billion in bonds will be required by 2015, as the $6 billion in construction costs is an unescalated figure. Finally, ORD's $2.1 billion, five-year (2002–2006) CIP focuses primarily on roadways and parking projects. Traffic entering the airport at I-90 will be redirected. A new access to the airport will be created, and a new parking structure will be built at lot E, which will be located near the airport transit system. The city projects $170 million in federal grants, $450 million of previously issued PFC bonds, $250 million of additional PFC funding and $1.2 billion of bond proceeds will finance the CIP. ORD collects a $4.50 PFC charge.

Charter County of Wayne — Detroit Metropolitan Wayne County Airport: Serving the Detroit greater area and a major hub of Northwest Airlines, DTW is in the midst of its $1.8 billion fiscal years 2002–2006 CIP, prepared in January 2001. Of this, $981 million has been spent, and management is currently assessing upcoming projects and timelines. DTW's flagship project, the $1 billion, 97-gate (72 for jet, 25 for commuters) midfield terminal project (for Northwest Airlines) and its support projects, which include renovation of the old terminal, a new 11,500-space parking garage, the south-end access road, opened in February 2002. Of this, airfield projects are expected to cost roughly $300 million. The sixth runway opened in 2001. To finance the remaining $900 million of the CIP, DTW expects to issue roughly $700 million in GARBs in 2002–2003 and will use PFC revenue, Federal Highway Administration grants, AIP grants, and internal cash. DTW collects a $4.50 PFC charge.

Minneapolis-Saint Paul Metropolitan Airports Commission (MAC) — Minneapolis-Saint Paul International Airport: MSP, headquarters of Northwest Airlines and the busiest airport in Minnesota, has a comprehensive and demand-driven 12-year (1999–2010) $3.1 billion CIP — the 2010 plan — for which $1.25 billion of debt has already been issued. MSP's signatory airlines approved the 2010 plan costs in 1999. MSP revised its capital program in November 2001 and is currently focusing on the years 2002–2008, containing $1.51 billion of airport projects. In this 2002–2008 CIP are roughly $350 million of projects that have been temporarily delayed since Sept. 11. Remaining projects include completion of the $282 million new runway 17/35 (now scheduled to open in 2004 rather than in 2003), $100 million of other airfield projects, $181 million of noise mitigation projects, $50 million of renovation and expansion of MSP's terminals from 69 to 81 gates (not including regional jet gates), $165 million in reliever airport projects, and various other projects. MAC expects to issue two separate PFC-secured issues in 2003 and 2004, at roughly $225 million each, as well as using LOI/AIP grants, PFC pay-as-you-go funding, and cash. MAC received approval for a $4.50 PFC in January 2001.

City of Saint Louis — Lambert International Airport: STL is a major hub of American Airlines and one of the Midwest's busiest hub airports. American recently completed TWA asset conversion at STL and now operates its flights exclusively as American Airlines. STL is focused on developing new airfield capacity that will be realized through the completion of its $1.11 billion new runway and land acquisition that should be completed in late 2005. Funding for the runway is mostly in place except for $78 million in contingency funding that will be funded through a bond issue if needed. The runway represents phase I of the Airport Development Program (ADP). Phase II, which includes new terminal enhancements and facilities, will be undertaken as demand dictates. In addition to the ADP, STL has a $288 million five-year CIP of which $165 million is currently funded. The balance of $123 million will likely be funded with bond funds, the first of which should be sold in 2002–2003. Within the $288 million CIP is approximately $42 million of projects that were deferred due to Sept. 11 and may be undertaken when traffic fully returns. The CIP includes various airfield improvements, parking improvements, and terminal renovations. STL began collecting a $4.50 PFC on Dec. 1, 2001.

Allegheny County Airport Authority — Pittsburgh International Airport (PIT): Primary domestic flight hub and maintenance center for U.S. Airways, PIT has $154 million in capital needs over 2002–2004, including $58.7 million in project spending in fiscal 2002. Major projects include a $12 million de-icing station, $6 million in security upgrades, and various other airfield and terminal projects. Funding for this plan, which includes capacity, safety and security, and environmental enhancement projects, will be primarily from PFC and federal funds. The construction of the proposed fifth runway is not included in the 2002–2004 CIP since it should not be required before 2008. PIT collects a $3.00 PFC charge.

City of Chicago — Midway Airport (MDW): Formerly the world's busiest airport until Chicago's O'Hare International Airport opened in 1962, Midway has two ongoing capital programs. The first, the CIP, is a $446 million, 12-year (2001–2012) development program. Of this, $350 million has been funded. The major CIP projects include airfield rehabilitation ($158 million), noise mitigation ($113 million), and construction of new and improvement of old parking facilities ($121 million). The other program, the $617 million terminal development plan (TDP) (1998–2004) is a terminal/concourse and airside pavement program, $445 million of which has been spent. The new terminal building opened in March 2001, and as build-out of the concourses continues, the entire project should be operational by the second quarter of 2004. Also included in the TDP is development of two international gates and an FIS facility. To date, 70% of the terminal and concession construction, and

20% of the airside pavement projects are complete. The TDP program is fully funded, and MDW does not expect to issue an additional $57 million of debt before 2012. Midway collects a $3.00 PFC.

Kenton County Airport Board — Cincinnati/Northern Kentucky International Airport (CVG): CVG, a major Delta Air Lines hub, is currently focusing on airfield improvements in its $610.6 million 2002–2006 CIP, $158 million has already been spent. In December 2001, CVG received a favorable record of decision from the FAA on its environmental impact statement (EIS) for the fourth runway. Construction should begin in late 2002 and end in late 2005. Cost for the runway is approximately $236 million, and is expected to be financed by LOI funds (roughly 75%) and PFC revenues. No terminal expansion is expected in the short- to mid-term, but the terminal area master plan (2006–2010) is in planning stages. Recent expansion of DHL's $200 million package-sorting hub is on schedule, and Mesaba Air's maintenance hangar, as well as Comair's new headquarters hangar and training facilities, are now complete. CVG issued $92 million of refunding GARBs in February 2002. CVG currently collects a $3.00 PFC charge and in the first quarter of 2002 is expected to apply for a $4.50 authorization.

Columbus Municipal Airport Authority — Port Columbus International Airport (CMH): Serving the state capital of Ohio, CMH has a $1.1 billion, 20-year master plan (2000–2019). This CIP includes planning and construction of an independent unit terminal building, which is expected to open in 2008–2010, beginning with an eight-gate complex and including plans for additional phases to be spread over a 20–30 year period at roughly $450 million–$500 million. In the near term, $13 million of projects have been delayed due to Sept. 11. Medium-term projects include completion of a $25 million PFC-funded north concourse expansion, construction of a new federally funded air traffic control tower, and in the long term, construction of a GARB-funded third parallel runway to open in approximately 2018. Funding sources for the 20-year CIP include GARBs in 2004 ($66 million), 2006 ($179 million), 2008, 2015, and 2017. CMH is authorized to charge $128 million in PFC revenue, and $91 million has been collected thus far at the $3.00 PFC level. CMH is currently applying for the $4.50 PFC and expects FAA approval in the second quarter of 2002.

Milwaukee County — General Mitchell International Airport (MKE): The busiest commercial airport in Wisconsin and headquarters for the regional carrier Midwest Express Airlines, MKE has a 14-year CIP (fiscal years 2001–2014) representing 75 projects costing roughly $828 million. Major elements of the CIP are $250 million of land acquisition and construction of a major additional runway to open in roughly 2013, extension of two existing runways by 2006 and 2009, a second expansion of the parking garage, a $41 million six-gate expansion of concourse C for completion in 2004, and 24 new gates on proposed concourses F and G in terminal two, to be completed around 2010. Funding sources are currently anticipated to come from $12 million in airport funds, $152 million in AIP grants, $22 million of state grants, $134 million in PFC revenues, $117 million in PFC-secured bonds (it is expected that $46 million will be issued in 2003 and $71 million after 2005), and an additional $340 million in GARBs, though a schedule has not been determined. MKE collects a $3.00 PFC charge.

Northeast Region (13 Airports)

The Port Authority of New York and New Jersey — John F. Kennedy International Airport, NY — Newark International Airport, NJ — LaGuardia Airport, NY (LGA): Together, these three airports serve the nation's largest metropolitan region and represent the main international gateway from Europe. In 2001, EWR accounted for roughly 37% of NYC's total passengers, JFK for 36%, and LGA for 27%. Of these, roughly 31% of the NYC passengers were on international flights.

JFK's $10 billion CIP (2001–2015) is currently the largest in the nation, and the majority of costs will be spent by 2005. By the end of this program, all of JFK's passenger terminals will be virtually rebuilt, financed with Port Authority and airline funds. Significant projects in this plan include the $1.2 billion terminal four, formerly known as the international arrivals building, which opened in May 2001, and American Airlines is financing the new $1.5 billion terminal, which began construction in 2001 and is scheduled to open in 2006. Other major projects at JFK include the $1.7 billion JFK airtrain (roughly $1.1 billion of which will be financed by PFC funds), linking the airport to the New York City subway system and the Long Island Railroad by 2003; $270 million for a new terminal (from terminals five and six); $100 million for infrastructure improvements to terminals two, three, and four; $400 million for roadway and parking improvements; and major airfield and cargo facility improvements. EWR, a hub airport for Continental Airlines, is undergoing expansion projects that total approximately $3.8 billion through 2015, approximately $1.0 billion of which has been spent so far. Among these projects are the EWR airtrain connection to Amtrak and New Jersey Transit rail systems which opened in October 2001; major terminal investment including $280 million in terminal A; an $800 million Continental Airlines global gateway project at terminal C and cargo facility improvements; $300 million in roadways and parking structure expansion; and multiple airfield projects. LGA, the most capacity constrained of the three airports, is modernizing its facilities, airfield, and roadways in a plan that is expected to cost $2 billion over the next 15 years, though the majority should be spent through 2005. The Port Authority is currently reviewing its capital plan and, in light of Sept. 11, will make necessary adjustments.

To implement the CIP, the Port Authority expects to use pay-as-you-go capital and issuance of consolidated bonds based on the cash flow needs and progress of the projects, including the use of PFCs to fund a portion of the airtrain projects. The Port Authority has traditionally expended roughly a third of its capital projects with cash financing. Airlines have contributed a significant amount of investment at the Port Authority airports already and this will continue into the future. The Port Authority collects a $3.00 PFC charge at each of the three airports.

Metropolitan Washington Airports Authority (MWAA) — Dulles International Airport and Ronald Reagan National Airport (DCA): Prior to Sept. 11, 2001, MWAA was implementing is 2000–2006 $4.21 billion CIP for its two airports, DCA and IAD. MWAA's Board is currently reviewing its CIP and should issue a post Sept. 11 update in the second or third quarter of 2002. IAD, one of the fastest growing large-hub airports in the U.S., is the primary focus of the CIP, with projects that include cargo facility expansion, parking garage construction, additional concourses, a people mover system, terminal demolition, renovation and construction, a fourth runway, a new air traffic control tower, and various airfield improvements. DCA's main projects are the renovation of historic terminal A and the pedestrian tunnel. The timing and funding schedule of these projects will be known when the MWAA board approves its revised CIP. Prior to Sept. 11, MWAA had proposed issuing roughly $3.0 billion of GARBs through 2006. MWAA currently expects to issue $250 million of debt in the second quarter of 2002 and collects a $4.50 PFC charge.

Massachusetts Port Authority (Massport) — Boston Logan International Airport: Prior to September 2001, Massport was implementing its $1.7 billion 2000–2005 CIP for Logan International. Due to uncertainties of short- and medium-term passenger demand at BOS, the busiest airport in New England, management revised the CIP to rely on cash and existing bond proceeds through 2003. As such, the traditional five-year CIP is currently and indefinitely on hold in favor of a two-year CIP. The current 2002–2003 CIP defers $280 million of projects, including the new FIS facility at terminal three from the five-year CIP, from $749 million to $469.5 million. Current projects include the $322 million international gateway project, $147 million for the roadway system, $365 for BOS acquisition of portions of the City of Boston's $14 billion big dig project, and $78 million for Massport's portion of the $482 million renovation of terminal A. Massport is proceeding with the environmental permitting for the new runway although the construction schedule for the runway is not yet determined. No BOS projects have been cancelled, though most will be delayed for possibly up to one year until full traffic demand returns, and management expects that Massport will revert to a five-year CIP forecasting. BOS may issue up to $275 million for airfield work, parking garage work, and the third harbor tunnel payments in 2003. BOS collects a $3.00 PFC charge for its $927 million PFC authorization, roughly $292 million of which has been collected already.

City of Philadelphia — Philadelphia International Airport (PHL): A major U.S. Airways hub and primary airport for Pennsylvania's largest city, PHL has $775 million of capital expansion and renovation projects from 2002–2007. After opening its new $221 million runway in December 1999, PHL turned its attention to its terminal expansion needs. In June 2001, PHL opened a 38-gate regional terminal, a new 12-gate terminal is under construction, and eight additional gates will be added to existing domestic terminals over the next three years. GARBs were issued in July 2001 to complete the financing of these projects. Other funding approvals, including PFC approvals, are also in place. Several security system upgrades are being added since Sept. 11, as well as related TSA security mandates. Funding sources will be PFC revenues, AIP grants, retained earnings, and additional debt, although the volume and schedule of additional bonds has not yet been determined. A new master plan, which will assess PHL's transportation demand and capacity requirements over the next 20 years, is schedule for completion in the second quarter of 2002. It is expected that airfield capacity expansion will be a key element of this plan. PHL collects a $4.50 PFC.

Maryland Department of Transportation (MDOT) — Baltimore-Washington International Airport: One of the nation's fastest-growing large-hub airports and the busiest airport in the state of Maryland, BWI has a $1.2 billion capital plan, with most projects expected to be complete by 2007. Major projects focus on landside improvements, including $236 million in roadway projects, $240 million on concourse A expansion, $156 million for a new parking garage and surface parking lot, and $132 million for a new consolidated rental car facility. Other terminal expansion projects total $450 million in the near term. An additional parallel runway and a three-mile long people mover are in BWI's 10-year plan. Although a significant portion of BWI's capital is raised through the MDOT transportation trust fund, BWI issued, via the Maryland Transportation Authority, $267 million of project construction bonds (secured by garage revenues) in February 2002, and expects to issue $120 million of special facility bonds (secured by consolidated rental car customer facility charges) in the second quarter of 2002, and $137 million of PFC-secured bonds in 2003. Additionally, the Maryland Economic Development Corp. (MEDCO) anticipates issuing $180 million in bonds secured by airline lease payments and by concession revenue. BWI currently collects a $3.00 PFC charge for its $287 million authorization (collections began in 1994), $174 million of which has been collected. BWI is expected to apply for a $4.50 level in 2002.

State of Connecticut — Bradley International Airport (BDL): The second-busiest airport in New England and serving Connecticut's state capital, BDL has modest capital needs, at roughly $76.2 million from 2002 to 2011. At this time, BDL does not expect to defer any of its current projects that are under construction or fully funded. BDL's $194 million series 2001A bonds financed a major portion of the current $201 million terminal improvement project, which is designed to accommodate the 63% growth in enplanements since the last expansion in 1986 and to provide capacity for additional growth. Approximately $101 million of the terminal project cost is PFC eligible, FAA AIP grants will fund $11.2 million of the apron project, and $8.7 million in Federal Highway Administration grants will fund BDL roadway projects. The $140 million terminal and concourse expansion and improvements represent the largest cost item with apron expansion costing $27 million. BDL's CIP major projects, for glycol processing equipment and taxiway and runway reconstruction, will be paid with PFCs and FAA grants. BDL collects a $4.50 PFC charge and is authorized to collect a total of $232 million.

Rhode Island Economic Development Corp. (RIAC) — T.F. Green International Airport (PVD): Serving the state of Rhode Island and increased spillover air traffic from BOS (46 miles away), RIAC has a $170 million five-year CIP for various projects at PVD and the outlying airports, though $39 million of fiscal 2002 capital projects are on hold due to Sept. 11. The 1997 20-year master plan is currently being updated and is expected to be complete in late 2002. Results of this update will drive PVD's long-term capital plan and future debt load. Near-term improvements include noise mitigation and noise-related land acquisition, new airfield maintenance facilities, terminal building expansion, airfield improvements, and ground transportation improvements. RIAC currently anticipates issuing $50 million–$60 million debt in calendar year 2002, while 58% of the current CIP is financed from sources other than revenue bond debt. PVD collects a $3.00 PFC charge.

Albany County Airport Authority — Albany International Airport (ALB): Benefiting from the arrival of Southwest Airlines in May 2000, ALB continues to proceed with its $232 million 2000–2004 CIP. The CIP includes $117 million for new buildings, $49 million of airfield improvements, $61 million for landside improvements, and $5 million for major equipment items. ALB's CIP has not changed since Sept. 11, although the only new projects that will proceed are those where federal or state funding has been awarded or those that are revenue generating. Two major projects underway include a new New York State Police executive hangar and air rescue and firefighting (ARFF) facility. Airfield improvements in 2002–2003 will focus on extension of ALB's runways to better handle jets, and terminal building and garage expansions are based on future passenger demand. ALB may issue about $12 million of debt in the near term to finance ongoing projects. ALB collects a $3.00 PFC charge.

City of Manchester — Manchester Airport (MHT): MHT's 1997 master plan covered a 20-year horizon (1995–2015). As then envisioned, the work was to be completed in the following three phases: short term (1995–2000), intermediate (2001–2005), and long term (2005–2015). Major projects in the master plan encompassed the rehabilitation and extension of both runways, terminal expansion to 23 gates, parking garage construction, major roadway improvements, property acquisitions, and possible fuel farm and cargo facilities expansion, as well as wetland mitigation. Due to the 1998 arrival of Southwest Airlines, the time frame for completion became a 10-year window, versus 20 years. Available terminal facilities had to be immediately expanded (to 15 gates, completed in mid-1999), and the garage (completed in late 1999) had to be built then rather than in the intermediate phase. Runway 6/24 work was completed in 2001, and the completion of rehabilitation and extension of runway 17/35 has been accelerated to 2003, versus 2005. Simultaneously, a second phase terminal expansion (three to five gates) will begin in mid-2002. There is a potential, demand-driven third phase terminal expansion contemplated to bring the total number of gates to 23. Current total cost estimates of the master plan are in the $320 million range, of which $180 million has been financed. MHT expects to offer $60 million in GARBs in mid-2002 to finance the second-phase terminal expansion and for front-end cash flow financing of the $56.7 million FAA eight-year LOI for the runway 17/35 work. MHT collects a $3.00 PFC charge.

City of Burlington — Burlington International Airport (BTV): Serving mostly central and Northern Vermont and the Lake Champlain area, BVT has roughly $65 million of projects in its 2002–2010 CIP. Roughly half of the projects should be completed by 2006. These projects include roughly $25 million of various airfield and terminal apron projects, $1.5 million of security system projects, $6 million in various terminal enhancement projects, $9 million for cargo hangar facilities, $7.5 million of land acquisition, $3.4 million of snow removal equipment replacement, and other projects. BVT tentatively expects to finance this CIP though roughly $32 million of AIP grants, $22 million through PFC pay-as-you-go cash, and $11 million through other means, possibly bonds, a bank loan, or excess cash. BVT is currently applying to the FAA to increase its $3.00 PFC collection to $4.50.

Southeast Region (17 Airports)

City of Atlanta — Hartsfield Atlanta International Airport: City of Atlanta — Hartsfield Atlanta International Airport: Home of Delta Air Lines and also the world's busiest airport, ATL is in the midst of its 2000–2010 $5.4 billion CIP. Of this, $1.3 billion is for airfield work, and $4.1 billion is for terminal improvements. Roughly $1.5 billion of the CIP has been funded already, and no projects have been cancelled or delayed due to Sept. 11. Major projects in the CIP include the new $1.8 billion 30-gate south terminal to open in 2009, the new $672 million 37-gate international terminal to open in 2004, the $869 million fifth runway to open in 2006, and other improvements to the existing terminals and concourses, as well airport land acquisition and a consolidated rental car facility to open in 2004. ATL expects to issue roughly $765 million of GARBs and $1.1 billion of PFC-secured debt in the near term, in addition to using anticipated AIP grants, PFC revenue, and retained earnings. ATL collects a $4.50 PFC charge.

City of Miami — Miami International Airport: Florida's busiest airport and the nation's busiest gateway to Latin America, MIA is currently implementing it's $4.8 billion 2000–2015 CIP, of which $1.0 billion has already been spent. MIA's current $4.8 billion is down from MIA's total $7.4 billion wish list beyond 2015, which consists of 495 projects, 115 of which are complete. Roughly $1 billion of projects could be withdrawn, and about $200 million of new security projects could be added. Major projects include the $1.3 billion north terminal program and $4.7 billion of other airfield and terminal projects that consist of the south terminal program, the security program, the fourth runway, and taxiways, concessions, landside improvements, and support infrastructure. More than half of the CIP is still in planning or design phases. In total, projects include nearly doubling MIA's terminal area, adding 36 new wide-body gates to the international terminal, building a fourth runway, and doubling international immigration capacity, as well as improvements for multiple other airfield and terminal infrastructure projects. MIA tentatively expects to issue $751 million of GARBs in 2002, $1.07 billion in 2003, $1.007 billion in 2004, $852 million in 2005 and $390 million in 2006. MIA collects a $4.50 PFC charge.

Greater Orlando Aviation Authority (GOAA) — Orlando International Airport (MCO): MCO's $1.1 billion CIP (2002–2008) covers nearly all areas of the airport, with expansion and renovation of terminals, roadway improvements, runway rehabilitation, taxiway extensions, security improvements, and other airport projects. Major projects include a $149 million fourth runway, to open in the third quarter of 2003, $111 million in security improvements, and the $761 million south terminal expansion that consists of design, infrastructure, and phase I of the new south terminal, which is not to exceed 16 gates. At this time, the authority expects to finance this CIP with $322 in PFC-secured bonds, $303 million in GARBs, $179 million of PFC pay-go, $135 million in AIP grants, $102 million in Florida Department of Transportation (FDOT) grants, and $38 million of GOAA cash. GOAA intends to issue $67 million in PFC-secured bonds and $73 million in GARBs in the second quarter of 2002 to fund the 4th runway and reimburse various roadway projects. In order to comply with the Aviation and Transportation Security Act of 2001, GOAA currently estimates $112 million in security improvements, whose tentative funding sources will be grants and PFC revenue. MCO collects a $3.00 PFC charge.

City of Charlotte — Charlotte International Airport (CLT): A major U.S. Airways hub, CLT is in the midst of its 1999 project, the centerpiece of its current capital expansion plans. At a cost of $314 million, the 1999 project includes land acquisition that will permit construction of a third parallel runway, terminal and concourse expansions, expansion of its FIS, and other infrastructure projects. Major projects for fiscal years 2001–2005 include the construction of the third parallel runway, additional parking facilities, expansion of the terminal complex, and expansion of air cargo operations. Specifically, E concourse will be complete in February 2002, D concourse should be completed in April 2002, land acquisition should be completed in July 2002, and the FIS expansion should be completed in August 2002. CLT anticipates a GARB issue of approximately $200 million between 2003–2005 to fund these projects. Funding for the third parallel runway is expected to be either revenue bonds and/or passenger facility charge revenues. CLT does not collect PFCs.

Hillsborough County Aviation Authority (HCAA) — Tampa International Airport (TPA): Serving central Florida's growing Gulf Coast population, TPA is implementing its $678 million 2001–2006 CIP. Primary projects include $250 million in airfield reconstruction and expansion between 2001–2003. Other projects are $31 million for FedEx air cargo expansion and $70 million in parking garage expansion through 2007. After Sept. 11, TPA's biggest CIP change was deferral of $30 million in capital projects for fiscal 2002 and of a planned bond issue originally scheduled for spring 2002. Through 2007, expected funding sources are $82 million in AIP grants, $63 million in FDOT grants, $78 million in GARBs, $190 million in authority retained earnings, and $260 in PFC revenue. TPA collects a $3.00 PFC charge and expects approval for a $4.50 charge effective September 2002.

Broward County — Ft. Lauderdale-Hollywood International Airport (FLL): Helping shoulder the ever-growing domestic passenger demand in southern Florida, FLL was one of the fastest-growing large-hub airports in the U.S. in the late 1990s, and currently represents about 26% of South Florida's passenger marketshare, compared with MIA's 63% and Palm Beach International's (PBI) 11%. FLL's CIP contains $932 million of demand-driven projects through 2005, though $210 million are temporarily on hold after Sept. 11. Of the $932 million, $357 million has already been spent. Various projects include nearly doubling the terminal complex and adding 18 new jet gates (nine of which opened in May 2001 and the remaining nine scheduled to open in August 2002), doubling parking capacity, a major runway extension, improved roadways, a new west-side air cargo and maintenance center (currently on hold), and a future people mover. FLL collects a $3.00 PFC to secure its outstanding PFC bonds and has $289 million in PFC authorization, roughly $119 million has been collected. At this time, FLL does not expect additional debt before 2006. Prior to September 2001, FLL was considering a $150 million issue by 2006. In January 2002 FLL's traffic was 95% of January 2001 traffic.

Memphis-Shelby County International Airport — Memphis International Airport: Home of FedEx's world headquarters and a major regional hub for Northwest Airlines, MEM has an $803 million (in 1999 dollars) master plan (2000–2015) that was approved in October 2000. The majority of this ($591 million) is slated to be completed between 2001 and 2005, though MEM has temporarily deferred $60 million of terminal and parking/roadway projects due to Sept. 11. Airfield work continues on schedule to meet FedEx's current needs. MEM projects include $187 million of airfield projects; $19 million of air cargo projects; $87 million of parking, roadways, and intermodal projects; and $160 million of terminal projects. The passenger terminal projects will focus primarily on terminal C development and extension, as well as enlargement of the FIS facility. Funding sources for MEM's five-year capital plan include: $43.8 million of federal grants, $5.0 million of cash, $200.7 million of series 1999 bond proceeds, and $164 million of series 2001 bond proceeds. MEM does not collect PFCs.

City of New Orleans — Louis Armstrong New Orleans International Airport (MSY): Renamed the Louis Armstrong New Orleans International Airport in 2001, MSY, also known as Moisant Field, has a $1.07 billion 2002–2009 draft CIP that was updated in January 2002. Of this, active projects from previous years account for $53 million, near-term projects (2002–2004) account for $347 million, and medium-term projects (2005–2009) represent $641 million. Major near-term projects include a $72 million consolidated rental car facility, a new $30 million parking garage, and $27 million for concourse D expansion, as well as various major airfield improvements. MSY's biggest project, scheduled for 2005–2009, is the $452 million new runway, which has already been approved by the airport's capital planning body. Funding sources tentatively anticipate $270 million in AIP grants, $382 million in PFC revenue, $138 million Louisiana DOT grants, $60 million in MSY cash, $106 million in third-party funds, and $106 million in GARBs, of which $74 million are scheduled between 2005–2009. Currently, certain PFCs, AIP grants, and state funds have not yet been appropriated or approved by the FAA or the state. MSY collects a $3.00 PFC and expects to begin collecting the $4.50 PFC charge in April 2002.

Raleigh-Durham Airport Authority — Raleigh-Durham International Airport: Serving North Carolina's capital city and Research Triangle Park area, RDU is embarking on major expansion and renovation. RDU's 2002–2011 contains roughly $1.5–$2.0 billion in projects, including $140 million of debt in 2001 to begin its parking garage program. RDU intends to invest $100 million into terminal C and roughly $1.0 billion for its terminal A project. Terminal C expansion, pending the outcome of the leasehold interest with American Airlines, is expected to increase the current number of gates from 26 to as many as 40 between 2004–2010. Also in the CIP are $166 million of ground transportation improvements and two new garages, a $204 million consolidated rental car facility, and $233 million of airfield improvements, including construction of the third parallel runway. RDU's CIP has not been significantly altered since Sept. 11 since most of its CIP, with the exception of the parking garage four project, have no current funding or contractual commitments. Also, the PFC Program will be implemented as elements of the 2002–2011 CIP that necessitate PFCs coming on-line. Estimated funding calls for 46% additional GARBs, 15% cash funding, 10% special facility revenue bonds, 11% PFC revenue/PFC-secured debt, 3% AIP entitlement grants, 7% AIP discretionary grants, and 7% series 2001A GARBs. A detailed schedule has not been determined for future bond issues. RDU anticipates applying for $3.00 PFC authorization in 2002.

Palm Beach County — Palm Beach International Airport: The third busiest of south Florida's three major airports, PBI serves one of the nation's wealthiest service areas, as well as spillover traffic from MIA and FLL, roughly 45 and 78 miles south of PBI, respectively. As of January 2001, PBI's six-year capital plan (2001–2006) entails various improvement projects totaling $167 million. These include $11.5 million for concourse B rehabilitation, an $11 million three-gate expansion in concourse C, a $43 million parking garage, $16 million in land acquisition, $15 million for noise soundproofing projects, and $20 million in airfield apron construction and runway extension. Prior to September 2001, PFC pay-go was expected to finance concourses B and C, and other funding sources were to be $9 million of AIP entitlement grants, $39.4 million in AIP discretionary grants, $18.9 million in FDOT grants, and $65.5 million from cash. After Sept. 11, PBI has delayed the timing of most of these projects. PBI expected to issue $67 million in series 2002 refunding bonds in order to refund the outstanding series 1992 bonds and was considering roughly $43 million of new money for the garage in 2002 or 2003. Neither issue is certain now. PBI collects a $3.00 PFC charge.

Lee County — Southwest Florida International Airport (RSW): The main airport for Florida's southern Gulf coast area, RSW is implementing its 2000–2004 CIP. This CIP is centered around the midfield terminal project, a $386 million plan which includes terminal, airfield, roadway/parking, fueling systems, and cargo facility expansion and improvements, for which RSW just received an approved award of the site preparation package. Work should begin in the second quarter of 2002, and the completion date is scheduled for the first quarter of 2005. RSW is currently updating its 20-year master plan for finalization in summer 2002. RSW's 2005–2009 CIP currently includes an $8 million rehabilitation of the existing runway, for completion in 2006 and design of a $20 million south parallel runway. Funding sources for the 2000–2009 CIP should be a combination of PFC revenues, AIP grants, and FDOT aviation grants, in addition to the series 2000 bond proceeds. Construction of the $100 million parallel runway is anticipated to begin in 2010. Funding is not yet planned for this item, and RSW does not plan any additional bond issues prior to 2010. RSW collects a $3.00 PFC and is expected to apply for a $4.50 authorization in 2002.

Regional Airport Authority of Louisville and Jefferson County — Louisville International Airport: Also known as Standiford Field, the Louisville International Airport serves Kentucky's biggest city and is UPS's headquarters for its world air operations. In addition to the UPS $1.1 billion hub 2000 project at SDF, SDF's own capital plan for fiscal years 2001–2005 contains numerous projects at a total estimated cost of $294 million, of which $66.9 million has been spent. With the exception of $250 million in special facility revenue bonds issued by the authority in 1999, UPS is self-financing its hub 2000 project. SDF's CIP includes $29 million in airfield improvements, a $24 million renovation to the terminal building, and a $117 million continuation of the land acquisition program. The land acquisition program, a long-term noise mitigation project, involves building a residential community that will hold between 470–750 residential dwellings by 2005. As of December 2001, the authority had acquired 1,365 properties for $139 million, and when completed, the authority will have acquired 2,200 properties on a voluntary basis. Funding includes $97 million of series 2001 bond proceeds, $5.6 million of pay-as-you-go PFC revenues, $86 million of FAA grants, and $60 million from a combination of UPS contributions and other federal grants. SDF collects a $3.00 PFC charge.

Birmingham Airport Authority — Birmingham International Airport (BHM): Alabama's busiest airport, BHM currently has a $213 million five-year CIP (2002–2006). Management is closely reviewing its capital projects, and while no projects have been cancelled, the timing on several may be delayed by several months due to Sept. 11. Projects in the CIP include $45 million for noise mitigation, $43 million for extension of the main runway, $45 million in cargo area and airfield improvements, a $26 million rental car and parking facility, and $30 million in terminal building renovations and land acquisition. Funding sources are anticipated to be revenue bonds in either 2003 or 2004, AIP grants, and PFC revenues. BHM collects a $3.00 PFC charge.

Norfolk Airport Authority — Norfolk International Airport (ORF): Serving Norfolk and much of Virginia's coastal areas, ORF has roughly $119 million of capital projects from 2002–2008. The majority of these costs are backloaded around the 2007–2008 time frame, which entails roughly $50 million for construction of a new runway 5R/23L. Projects in the near term include continued construction of parking infrastructure and various airfield projects. Demand has remained steady at ORF and management has not delayed projects due to Sept. 11. Roughly $70 million of AIP grants and $7 million of state funding is anticipated. ORF currently plans to issue roughly $40 million of debt between 2003 and 2005, and some or all of this may be issued through the Virginia Resources Authority's (VRA) Airports Revolving Fund. ORF collects a $3.00 PFC charge.

Capital Region Airport Commission (CRAC) — Richmond International Airport (RIC): Serving Virginia's state capital, RIC has a five-year CIP (2001–2006), including fiscal 2001 projects, with fifty projects totaling $307 million. The fiscal 2001 projects focus on three major areas — $35 million in terminal renovation and expansion with seven new jet gates to open in the second quarter of 2002, a $27 million new parking garage, and $3.2 million in land acquisition for additional parking capacity. These projects were largely financed through VRA Airports Revolving Fund series 2001 GARBs. The next major projects for roads, platform, and the new terminal are delayed three to four months to do a security assessment study of current airport layout and new projects. RIC currently expects to apply for approximately $45 million in 2002 for VRA funding in 2003 or 2004. RIC collects a $3.00 PFC charge.

City of Pensacola — Pensacola Regional Airport (PNS): Serving Florida's panhandle and northern beach areas, PNS has a $48 million CIP (2002–2011). Of this, $45 million is scheduled to be spent through 2006. No projects have been deferred due to the events of Sept. 11, as PNS experienced a strong traffic rebound for its demand-driven capital program. Major projects include purchase of passenger loading bridge, airfield rehabilitation, and air cargo facility improvements. No debt is expected to finance these projects, and FAA grants and state and local funding sources are anticipated. PNS collects a $3.00 PFC charge and is amending its PFC application to allow for a $4.50 PFC, with the $1.50 increase to be used for additional security for fiscal 2002.

Jackson Municipal Airport Authority — Jackson International Airport (JAN): Mississippi's busiest commercial airport currently has $48 million in projects through 2004, $19 million of which has been completed. The remaining projects that are not currently funded are being re-evaluated and prioritized in the post Sept. 11 environment. Major projects include taxiway and air cargo apron work and security improvements. No debt is expected to finance these projects. JAN collects a $3.00 PFC charge.

Fitch U.S. Airport Bond Ratings

	Issuer	Security	Rating	Outlook
Alaska	Alaska International Airport System	Airport System Revenue	‘A+’	Stable
Alabama	Birmingham International Airport	Airport Revenue	‘A–’	Stable
Arizona	Tucson International Airport	Airport Revenue	‘A’	Stable
		Airport Revenue – Second Lien	‘A’	Stable
California	San Diego International Airport	Airport Revenue	‘A+’	Negative
	Fresno Yosemite International Airport	Airport Revenue	‘BBB+’	Stable
	San Francisco International Airport	Airport Revenue	‘A+’	Stable
		SFO Fuel Co. LLC Revenue	‘A–’	Stable
	San Jose International Airport	Airport Revenue	‘A+’	Stable
	Los Angeles International Airport	Airport Revenue	‘AA’	Stable
	Ontario International Airport	Airport Revenue	‘A’	Stable
	Oakland International Airport	Port Authority Revenue	‘AA–’	Stable
	Orange County-John Wayne Airport	Airport Revenue	‘A+’	Stable
	Sacramento International Airport	Airport Revenue	‘A+’	Stable
		PFC Revenue – Second Lien	‘A+’	Stable
Colorado	Denver International Airport	Airport Revenue	‘A+’	Stable
Connecticut	Hartford-Bradley International Airport	Airport Revenue – Second Lien	‘A’	Stable
Washington, D.C.	Metropolitan Washington Airports Authority	Airport System Revenue	‘AA–’	Negative
Florida	Miami International Airport	Airport Revenue	‘A+’	Stable
	Orlando International Airport	Airport System Revenue – Second Lien	‘AA–’	Stable
	Ft. Lauderdale/Hollywood International Airport	Airport Revenue	‘A+’	Stable
		PFC Revenue	‘A’	Stable
	Tampa International Airport	Airport Revenue	‘A’	Stable
	Palm Beach International Airport	Airport Revenue	‘A’	Stable
	Pensacola Regional Airport	Airport Revenue	‘BBB+’	Stable
	Southwest Florida International Airport	Airport Revenue	‘A’	Stable
Georgia	Hartsfield Atlanta International Airport	Airport Revenue	‘AA–’	Stable
Hawaii	Hawaii Airport System	Airport System Revenue	‘A’	Negative
Illinois	Chicago O’Hare International Airport	Airport Revenue	‘AA–’	Negative
		Airport Revenue – Second Lien	‘AA–’	Negative
		Airport Revenue – Third Lien	‘A’	Negative
		PFC Revenue	‘A+’	Negative
		PFC Revenue – Second Lien	‘A’	Negative
	Chicago Midway Airport	Airport Revenue	‘A+’	Stable
		Airport Revenue – Second Lien	‘A’	Stable
Kentucky	Louisville International Airport	Airport Revenue	‘A+’	Stable
Louisiana	New Orleans International Airport	PFC Revenue	‘A–’	Stable
Maryland	Maryland Transportation Authority	BWI Parking System Revenue	‘A–’	Stable
Massachusetts	Massachusetts Port Authority	Port Authority Revenue	‘AA’	Negative
		PFC Revenue	‘A’	Negative
		MassPort BOSFUEL Revenue	‘A–’	Negative
Michigan	Detroit Metropolitan Wayne County Airport	Airport Revenue	‘A’	Negative
		Airport Revenue – Second Lien/LOI Supported	‘A–’	Negative
Minnesota	Minneapolis-St. Paul International Airport	Airport Revenue	‘AA–’	Stable
		Airport Revenue – Second Lien	‘A’	Stable
Mississippi	Jackson International Airport	Airport Revenue	‘A–’	Stable
Missouri	Lambert-St. Louis International Airport	Airport Revenue – ADP Bonds	‘A–’	Negative
Nevada	Las Vegas McCarran International Airport	Airport System	‘AA–’	Stable
		Airport System – Second Lien/PFC Revenue	‘A+’	Stable
	Reno Canon International Airport	Airport Revenue	‘A–’	Stable
New Hampshire	Manchester Airport	Airport Revenue	‘A–’	Stable
New Mexico	Albuquerque International Airport	Airport Revenue	‘A+’	Stable
		Airport Revenue – Second Lien	‘A’	Stable
New York	Albany International Airport	Airport Revenue	‘A–’	Stable
	Port Authority of New York and New Jersey	Port Authority Revenue	‘AA–’	Negative
		Terminal One Group Association, L.P. Revenue	‘A–’	Negative
		JFK International Air Terminal LLC Revenue	‘BB+’	Evolving

PFC – Passenger facility charge. BWI – Baltimore/Washington International Airport. LOI – Letter of intent. MassPort – Massachusetts Port Authority. ADP – Airport Development Program.

Fitch U.S. Airport Bond Ratings (continued)

	Issuer	Security	Rating	Outlook
North Carolina	Charlotte/Douglas International Airport	Airport Revenue	'A'	Negative
	Raleigh-Durham International Airport	Airport Revenue	'A+'	Stable
Ohio	Cincinnati/Northern Kentucky International Airport	Airport Revenue	'A'	Stable
	Port Columbus International Airport	Airport Revenue	'A'	Stable
Pennsylvania	Pittsburgh International Airport	Airport Revenue	'A–'	Negative
	Philadelphia International Airport	Airport Revenue	'A'	Negative
Rhode Island	Providence T.F. Green Airport	Airport Revenue	'A'	Stable
Tennessee	Memphis International Airport	Airport Revenue	'A+'	Negative
Texas	Dallas-Ft. Worth International Airport	Airport Revenue	'A+'	Stable
		Facility Improvement Corp. Revenue	'BBB+'	Stable
	El Paso International Airport	Airport Revenue	'A+'	Stable
	Houston Airports System	Airport System Revenue	'A+'	Stable
		Airport System Revenue – Second Lien	'A+'	Stable
		Texas Airport System Special Facilities Revenue	'A'	Stable
		Continental Airlines – Terminal E Project	'BB+'	Stable
	San Antonio International Airport	Airport Revenue	'A+'	Stable
Vermont	Burlington International Airport	Airport Revenue	'BBB+'	Stable
Virginia	Virginia Resources Authority Airport Revolving Fund	Airport Pool Revenue	'AA'	Stable
Washington	Seattle-Tacoma International Airport	Port Authority Revenue	'AA'	Stable
		PFC Revenue	'A'	Stable
	Spokane International Airport	Airport Revenue	'A+'	Stable
Wisconsin	Milwaukee General Mitchell International Airport	Airport Revenue	'A+'	Stable

PFC – Passenger facility charge.

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Moody's Rating

Issue		Rating
Airport System Revenue Improvement Bonds, Series 2002		A1
Sale Amount	$100,000,000	
Expected Sale Date	03/15/02	
Rating Description	Airport System Revenue Improvement Bonds	
Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement Bonds, Series 2002		A2
Sale Amount	$38,075,000	
Expected Sale Date	03/15/02	
Rating Description	Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement Bonds	

Moody's Assigns A1 and A2 Ratings to San Antonio Airport Revenue Bonds

Proceeds to Finance Capital Improvement Program

Opinion

Moody's assigns an A1 rating, with a stable outlook, to the City of San Antonio, Texas, Airport System Improvement Revenue Bonds, Series 2002, and a A2 rating to the Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement Bonds, Series 2002. The bonds will be used to finance a portion of this origination and destination (O&D)airport's capital improvement program. The A1 rating reflects the strong economy of the airport system's service area, the airport's diverse carrier mix, the modest debt and competitive costs after funding of the capital program, and the system's strong financial position. Moody's notes that the airport has been impacted by the reduction in air traffic following the September 11 terrorist attacks, but has demonstrated above average resilience.

AIRPORT SERVES A GROWING AND DIVERSE METROPOLITAN AREA

The airport serves the nation's ninth largest city. San Antonio's (GO rating of Aa2) economy is diverse, containing a significant hospitality sector, a still sizable military presence, large manufacturing concerns with an increasing aeronautical presence, growing business service operations, and an expanding health care component. Moody's expects the city's local economy to remain strong given San Antonio's popularity as a tourist destination, continued job growth driven by successful redevelopment efforts, ongoing retail, manufacturing, and service industry development, and sustained expansion of the city's residential sector. The largest tourist destination in Texas, the city of San Antonio attracts over eight million people annually.

Ongoing development of the city's retail, manufacturing, and business service sectors has contributed to continued employment growth, which has averaged approximately 3% annually for each of the last ten years. This growth has enabled the city to, in recent years, maintain unemployment rates below both the state and the nation. In addition, following the announced closure of Kelly Air Force Base, the city began a redevelopment plan for that facility, now called Kelly USA, and, through privatization of existing operations and new uses, has already created an additional 4,456 jobs.

PASSENGER TRAFFIC DOWN FOR CALENDAR YEAR 2001; RECOVERY EXPECTED IN 2003

The economic stability is reflected in a historically steady enplanement growth that has averaged 3.8% per year from 1995 through 2000. Airport utilization, which is a measure of enplanements against the population of 2.23, is just above Moody's median of 2.1. About two-thirds of the enplanements are busines-related trips, which includes conventioneers. With the impact of reduced air travel following the terrorist attacks, traffic for calendar year 2001 was 5.6% lower than 2000; monthly data show September 2001 was 34.5% below September 2000, but traffic was rebounding by year-end, with December traffic down about 9.3% and, January 2002 down 6.4%.The airport benefits from a balanced mix of carriers: Southwest (senior unsecured debt rated Baa1), which maintained service levels after September 11, represents about 36% of enplanements. American (B1) and Delta (Ba3) each provide about 15%, and the balance is distributed among other carriers. While airlines have experienced a clear decline in credit quality since September 11, San Antonio's solid O&D market and diverse carrier mix limit its vulnerability to airline credit risk.

MASTER PLAN UPDATE CALLS FOR TERMINAL REDEVELOPMENT AND ADDITIONAL PARKING; MODEST ADDITIONAL DEBT EXPECTED

The airport has developed a ten year capital improvement program to replace Terminal 2, the older facility on the airport, and increase parking capacity. The program is planned in phases and can be scaled and timed to meet enplanement growth. The $425 million program will be funded with about $200 million in bonds, including the present offerings. With the current issues, debt per 2001 enplaned passengers is about $60 and will rise to $83 with the additional debt. These ratios are competitive with those of other airports.

The airport has begun collecting a $3.00 passenger facility charge (PFC) that it will leverage with bonds also secured by a subordinate lien on net airport revenues. These bonds, which include a 1.10 times rate covenant for airport net revenues and a gross pledge first lien on PFC collections, will also have a debt service reserve fund of average annual debt service. PFC collections based on 2001 enplanements provide three times coverage of peak PFC bond debt service. The senior airport revenue bonds are also secured by a gross revenue pledge, and have a rate covenant and additional bonds tests that require 1.25 times net revenue coverage.

PASSENGER AND FINANCIAL OPERATIONS ARE STRONG

The airport operates under a compensatory rate making methodology that also incorporates a revenue share mechanism with the signatory airlines. Gates are leased under a mix of exclusive and preferential use arrangements. Airline costs per enplaned passenger were a competitive $3.53 in 2001, and are expected to remain below $5.00 through 2011. Debt service coverage has averaged 1.97 times over the past three years, and was 2.05 times for fiscal ending September 30, 2001, reflecting some revenue loss - particularly parking - and increased O&M expenditures after September 11. Debt service coverage on senior bonds is forecasted to hover around two times through 2011. The airport maintains strong liquidity, with working capital of $44 million at the end of fiscal 2001, compared to $47 million at the end of fiscal 2000.

Outlook

The stable outlook reflects Moody's expectation that the airport's solid O&Dmarket will enable it to absorb the current reductions in traffic, and enable a return to historic enplanement levels during the forecast period. The stable outlook further incorporates the modular nature of the capital improvement program that can be scaled back if traffic growth does not resume.

Type of airport: Origination & Destination

Enplanements, FY 2001: 3,443,434

Decline in enplanements, CY 2000-2001: 5.6%

Percentage of O&D traffic: 90.3%

Largest carrier: Southwest Airlines (Baa1), 35.9% of 2001 enplanements

Debt, including current issue, per 2001 enplaned passenger: $59.55

Debt service coverage by FY 2001 net revenues (including airline rental credit): 2.05x

Utilization: 2.23

Debt outstanding (including current issues): $205 million

STANDARD & POOR'S PUBLIC FINANCE

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City of San Antonio, Texas; First Lien Airport System Revenue Improvement Bonds, Series 2002 and Passenger Facility Charge and Subordinate, Series 2002

San Antonio Airport

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Credit Profile
$121.1 mil First Lien Airport Rev Imp Bonds
Series 2002 due 2032
A+
Sale date: 21-MAR-2002

$38.1 mil Passenger Fac Chg & Subord
Series 2002 due 2032
A-
Sale date: 10-MAR-2002

AFFIRMED
$20.000 mil. Rev Bonds, Various Series
A+
$38.000 mil. Arpt Sys Imp Rev Bonds
Series 1996
AAA / A+ (SPUR)

$17.795 mil. Arpt Sys Improv Bonds
Series 2001
AAA / A+ (SPUR)

OUTLOOK:
STABLE

Rationale

The ratings on the City of San Antonio, Texas airport system's bonds, issued for San Antonio International Airport, reflect the low airline costs, strong origin and destination market, and recovery from the combined effects of the economic slowdown and events of Sept. 11. These strengths are offset by significant future capital plans, which will more than double the debt outstanding, resulting in high debt per enplaned passenger and weaker legal provisions on the PFC and subordinate airport system revenue improvement bonds. More specifically, the ratings are based on the following factors:

- The airport serves a strong origin and destination market (90%) and has good diversity of carriers, with Southwest, American/TWA, and Delta accounting for 71% of enplanements in 2001.
- Enplanements have grown at an average annual rate of 2.8% during the past 10 years to reach 3.4 million in 2001. Enplanements in 2001 declined 5.6% largely as a result of the events of Sept. 11. However, the airport has experienced strong recovery and as of January 2002, enplanements were only 6% lower than the prior year period. This is considerably better than the average for all U.S. airports in the month of January 2002, where enplanements were 15% lower compared to January 2001.
- The San Antonio MSA benefits from a strong economy with low unemployment and a growing population. However, the overall wealth and income levels remain lower than the state's and nation's levels.
- The airport has a low cost structure with airline cost per enplaned passenger at $3.53 per enplaned passenger in 2001 despite the decline in enplanements; 10-year forecasts anticipate that the cost will peak at $4.78.
- Debt service coverage is solid on the senior general airport revenue bonds (GARB), averaging 1.62 times (x) during the 10-year forecast period, taking into account future debt issuances. Debt service coverage in 2001 was 1.61x and is anticipated to remain at comparable levels in 2002 despite declines in enplanements and the issuance of additional debt. Debt service coverage on the PFC and subordinate net revenue bonds averages 1.78x during the forecast period.

Offsetting factors include the relatively high debt per enplaned passenger for a facility of this size and subordinate-lien provisions that would allow coverage to decline to lower levels. Currently, debt per enplaned passenger is low at $29; however, this could rise to $86 based on 2001 enplanement levels given management's future debt issuance plans. The 10-year capital improvement plan calls for $426 million in expenditures. This includes the demolition of the existing Terminal 2 and construction of two concourses. Additional projects include the renovation of the existing terminal, additional parking, roadway improvements, and extension and improvements to two runways, along with supporting taxiways and aircraft apron. To help finance this plan, the airport began collecting a $3 PFC in November 2001. In total, the airport intends to issue $79 million in PFC debt, including this issuance, and $116 million in GARBs, including this issuance, between now and 2007. Additional funding for the project will come from federal grants ($100 million), the airport's own funds ($81 million), and pay-as-you-go PFCs ($49 million).

Bond proceeds from both issuances will be used to fund various capital improvements.

Outlook

The stable outlook is based on the airport being able to recover in the near term from the events of Sept. 11, and its ability to attain projected financial results given its large capital program.

Master Ordinance for the Senior Airport System Improvement Bonds

With the series 2001 debt issuance, the airport created a new master ordinance, which is substantially similar to the prior one. Amendments to the ordinance will take place upon receipt of bondholder approval. The bonds are secured by a first lien and pledge of gross revenues from the operation of the airport system. The bonds are on parity with the outstanding senior obligations. As of March 1, 2002, there was $105 million in parity debt outstanding. In addition, in April 2001, the city sold $50 million in series 2003 forward-refunding bonds, which are expected to be issued and delivered on April 8, 2003.

The gross revenue pledge does not include any PFCs that may be collected or any net rental payments that are pledged and used to meet debt service requirements on leased facilities. Currently, the airport has special facility debt of $4.4 million from a leased facility to Raytheon and $4.8 million from a leased facility to Cessna.

Bondholders benefit from a debt service reserve fund. However, the debt service reserve fund requirement is equal to the average annual debt service requirements on all outstanding parity obligations rather than maximum annual debt service. In addition, should there be a deficiency in the debt service reserve fund or should the airport issue additional bonds, the airport can fund the debt service reserve fund to its requirements over 60 months. With this issue, the debt service reserve fund will be funded at its requirements at closing.

The city has covenanted in the ordinance to operate the airport so as to obtain gross revenues sufficient to cover operating expenses and provide for 1.25x annual debt service requirements. The new master ordinance calls for the airport to hire a consultant if the airport should fail to meet its rate covenant.

The additional bonds test will be amended to be based on a projected airport consultant's report stating that the net revenues for the three consecutive fiscal years beginning the later of (a) the first complete fiscal year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with the parity obligations and (b) the first complete fiscal year the city will have scheduled payments of interest or principal, which are not being paid out of bond proceeds, at least equal to 1.25x the annual debt service requirements of all parity debt outstanding. In lieu of obtaining an airport consultant's certification, the airport can obtain a certificate from a financial officer showing the airport's most recent fiscal year or for any 12 of the most recent 18 months, the net revenues of the airport system were at least equal to 1.25x maximum annual debt service on all parity obligation outstanding and proposed to be issued. The prior additional bonds test was stronger in that there was a requirement for both historic coverage and projected coverage tests. In addition, the historic coverage test was based on an independent certified public accountant's certificate rather than a certificate from airport management.

All gross revenues that are received daily will be deposited into the revenue fund. Money from the revenue fund will be first used to pay debt service (monthly installments on principal and interest scheduled to come due) and then pay the debt service reserve fund; any remaining money will then pay the airport's operating and maintenance expenses. Subordinate debt service and any subordinate reserve fund requirements would be paid after operating and maintenance expenses. All remaining funds will be deposited in the capital improvement fund. Money in the capital improvement fund can be used to meet any of the above-mentioned requirements or to pay the costs of other capital expenditures related to the airport system or any other purpose that is related to the airport system. The excess funds in the capital improvement fund are shared with the airline pursuant to the provisions of the airline use and lease agreement. The new master ordinance eliminates a contingency reserve fund that was required to be funded at $300,000 and was paid after subordinate debt service.

Other changes to the master ordinance include a revision of the circumstances under which the city may sell, lease, or encumber the airport property; but these provisions primarily strengthen the ordinance. The new master ordinance allows the airport the flexibility to issue variable-rate debt and commercial paper, even though at this time, the airport has no such plans.

The changes in the master ordinance would occur in two phases. Most changes would be enacted under the first amendment, which is expected to occur on the date when the aggregate principal amount of all outstanding parity debt obligations issued prior to 2001 constituted less than 49% of all outstanding parity debt, which is expected with the delivery of the 2003 bonds. The second amendment would take place once all parity debt obligations issued prior to 2001 are no longer outstanding (July 1, 2006). This second amendment will call for the elimination of the provision that allows the city to levy an ad valorem tax to provide funds for the operation and maintenance fund and revises the manner in which future amendments can be made in the master ordinance. The airport has always had the ability to levy ad valorem taxes, but has never done so.

PFC Master Ordinance

The PFC master ordinance is very much similar to the senior-lien master ordinance. Bondholders of the series 2002 PFC and subordinate-lien airport system revenue bonds benefit from both a first-lien pledge of PFCs and subordinate net revenues of the airport system. Bondholders benefit from a reserve fund to be funded at closing for this issue, in an amount equal to the average annual debt service requirement of all PFC parity obligations. Similar to the senior-lien ordinance, the reserve fund can be funded up during a five-year period, and any reserve fund deficiency will be funded during a five-year period.

The flow of funds is such that all PFC revenues shall be credited from day to day, as received, to the PFC revenue fund. On a monthly basis, money will be transferred from the PFC revenue fund to the PFC bond fund to cover 1/6th interest and 1/12 principal payments due. Remaining funds will be used to meet the debt service reserve requirement prior to being transferred to the PFC capital improvement fund. The PFC capital improvement fund will be used first to pay principal and interest or replenish the debt service reserve fund, if required; second, to pay principal and interest or replenish the debt service reserve fund on any subordinate PFC bonds; and third, to pay the cost of PFC-eligible airport-related projects.

The city covenants to budget such that the expected receipt of PFC revenues during each fiscal year, together with any funds that are on deposit during such fiscal year in the PFC revenue fund or the PFC capital improvement fund from the prior fiscal year and available for the purposes of acquiring and constructing PFC-eligible airport-related projects, after payment of all costs to acquire and construct PFC-eligible airport-related projects with PFC revenues during such fiscal year, will provide an amount equal to 1.25x the annual debt service requirements during such fiscal year on all outstanding PFC obligations. This rate covenant is set at a lower standard than most PFC issuances that have a 1.50x covenant. In addition, most other PFC issuances have a covenant to maintain the outstanding uncollected PFC revenues always equal to 105% of the aggregate PFC debt service.

The city is able to issue additional PFC bonds provided that the following conditions are met: (a) no event of default has occurred and the rate covenant is satisfied and (b) the funds are at the required levels. In addition, an airport consultant must indicate that the estimated PFC revenues for each of the three consecutive years beginning the later of (a) the first complete fiscal year following the estimated completion and initial use the project or (b) the first complete fiscal year in which scheduled principal and interest payments have not been made from the proceeds of PFC obligations or investment income are at least equal to 1.25x the annual debt service requirements on all parity PFC obligations, including the debt to be issued. In lieu of the projected test, the city may submit a certificate showing that for the most recent complete fiscal year or for any 12 consecutive months out of the last 18 months, the PFC revenues were equal to at least 1.25x the maximum annual debt service requirements on all parity PFC obligations, including the debt to be issued. Again, the 1.25x multiple used in the additional bonds test is lower than most PFC transactions that have a multiple set at 1.50x.

The master ordinance also includes the following standard covenants:

- Covenant to comply with PFC Act.
- Covenant to comply with records of decisions.
- Covenant to impose the PFC at the maximum approved amounts and not unilaterally decrease the rate or aggregate amount of the PFC it has been authorized to impose or collect.
- Covenant to prevent termination, suspension, or reduction of authority. The city will not take any action that would cause such an event and would take all action to contest any such attempt and would notify rating agencies if such an event happens.
- Covenant to construct PFC-eligible airport-related projects within the period set forth in the record of decision or other similar authorization.

In addition to the PFC collections, bonds are also secured by the pledge of subordinate net airport system revenues. No debt or other obligation of the city may be issued that is secured in whole or in part with a lien on and pledge of subordinate net revenues that is superior to the lien on and pledge of subordinate net revenues that has been granted under the ordinance and first supplemental ordinance.

In the event that any parity PFC obligations that are also secured by a lien on and pledge of subordinate net revenues remain outstanding, and the city is no longer permitted by law to levy and collect a PFC in an amount sufficient to satisfy the budget covenant (rate covenant), the city covenants that it will at all times fix, maintain, charge, and collect rates, fees, and charges from the operation of the airport system in amounts sufficient to produce subordinate net revenues at least equal to 1.10x the annual debt service requirements during each fiscal year on all then outstanding parity PFC obligations. Additional parity PFC obligations with a parity pledge of subordinate net revenues can be issued only if (a) no event of default exists and (b) all funds under the GARB ordinance are at their required levels. In addition, the city must certify that for the most recent complete fiscal year or for any consecutive 12 out of the past 18 months the subordinate net revenues were at least equal to 1.10x the maximum annual debt service requirement on all debt of the city that is secured by a parity pledge of subordinate net revenues, including the proposed debt issuance. Any other debt that the city intends to issue that is secured in whole or in part by a parity pledge of subordinate net revenues can be issued only if the above-mentioned requirements are met. Both the subordinate-lien rate covenant and the additional bonds test are weaker than in most subordinate transactions in that the calculation of the debt service coverage is more liberal than in other transactions.

Subordinate-lien debt service is calculated based on net revenues after the payment of senior debt service obligations rather than net revenues of the airport system divided by all debt service obligations (senior and subordinate).

Airline Use/Lease Agreement

The city's signatory agreement expired Sept. 30, 2001, and a new one went into effect on Oct. 1, 2001, with substantially the same basic lease provisions. The city has signatory agreements in effect with eight airlines (Aeroliteral, Continental, Delta, Mexicana, Midwest Express, Northwest, Southwest, and United). American Airlines is the only holdover pending lease area revisions resulting from the acquisition of TWA, but is expected to execute a signatory agreement by April 1, 2002. The new agreement expires on Sept. 30, 2006. Nonsignatory airlines include: Sun Country, Aeromar, America West, and Champion Air, which operate under a monthly permit. The terms are very similar except that the expiration is much shorter and no rental credit is given.

The airline rates and charges at the airport are primarily based on a compensatory structure. There are provisions for sharing of surplus revenues, however. The signatory airlines receive this as a credit to the terminal rents charged. In fiscal 2001, the landing fee for both signatory and nonsignatory airlines was 96 cents per 1,000 pounds of landed weight. The average terminal rental rate for signatory airlines was $27.81 per square foot as compared to $53.81 for nonsignatory airlines. In 2001, the cost per enplaned passenger for all airlines was $3.53.

Credits to the signatory airlines come from the capital improvement fund and after all deficiencies are met in the flow of funds and a 25% coverage requirement is met. The remaining portion in the capital improvement fund is divided between the airlines and the airport on a 50-50 basis.

Air-Trade Service Area/Economy

The demand for air transportation is largely dependent on the demographic and economic characteristics of the air-trade area. This is particularly true since San Antonio International Airport is primarily an origination and destination airport with about 90% of traffic origination and destination in nature and very little connecting activity. The air-trade area primarily consists of the four-county San Antonio MSA (Bexar, Comal, Guadalupe, and Wilson counties).

The San Antonio MSA had a year-2000 estimated population of 1.6 million, placing it among the top 10 cities in the nation. From 1990-2000, the MSA population grew 18%, for an average annual growth of 1.9%, which is slightly less than that of the state (2.1%), but greater than that of the nation (1.2%). The growth is attributable to the city's consistently strong economic expansion.

The city's overall economic growth remains vibrant with particularly strong growth in the services and trade sectors. As a result, unemployment in the MSA was low at 4.5% as of November 2001, which is lower than the national unemployment rate of 5.6%. Recent major expansions and additions include Lockheed Martin (1,450 positions) and Providian Financial (850). The city's proximity to Mexico promotes strong international trade and tourism, which creates further economic diversity. Government, particularly military, remains a large component of the economy with four major military bases located in San Antonio. Kelly Air Force Base had been the fifth base in the area, but it closed in July 2001. Despite the continued growth in economic activity and low unemployment levels, wealth and income indicators remain below the nation's average. The city's median household effective buying income in 2000 was 6.6% lower than the state's level and 10.2% lower than the national level.

Airport Description

San Antonio International Airport is situated on a 2,600-acre site, eight miles north of the city's downtown business district. The airport has three runways with the longest one measuring 8,502 feet. The airport has two terminal buildings that contain 24 gates. Management estimates that the gates are currently being used at 88% of capacity, and the long-term master plan allows the gates to increase from 24 to 60.

The airport primarily serves the four-county MSA with the closest commercial airport 66 miles away in Austin. The air service that is available in Austin is similar to the service provided in San Antonio, except that San Antonio provides international service and airfares are generally higher at Austin.

In 2001, San Antonio airport served 6.8 million passengers. The airport provides service to 13 passenger airlines and has 113 flights daily. The airport provides some international service, historically 3.5% of enplanements, mostly to Mexico. Southwest Airlines is the largest carrier, accounting for 36% of enplanements of the total 3.4 million enplanements in 2001. The top three carriers have consistently been Southwest, American/TWA (19%), and Delta (16%), and account for 71% of enplanements.

Overall enplanements have grown at an average annual rate of 2.8% from 1991-2001. In 2001, however, enplanements declined 5.6% compared to the prior year. Much of the negative growth for 2001 was a result of the events of Sept. 11 and the slowing economy. In September 2001, enplanements were 35% lower than September 2000. The airport has experienced strong recovery, however, and enplanements as of January 2002 were only 6% lower than January 2001. Management expects that enplanements will recover to year-2000 enplanement levels in 2003.

Finances

The airport's operating revenues include fees and charges to airlines for landing fees, terminal rental fees, and certain reimbursable expenses. In addition, the airport generates revenues from parking, food, beverage, and retail concessions. Airline revenues accounted for 29% of total revenues, and airline revenues as a percentage of total revenues have been declining. This is a result of increased revenues from concessions and parking, which accounted for 49% of the total $43 million in revenues earned in 2001.

Management has recently re-evaluated its operations and as a result anticipates achieving annual operating cost savings of $1.2 million through consolidation of operation and automation. In addition, management has updated fees and added new services, like valet parking, which will produce additional operating revenues of $1.9 million.

Airline costs at the airport are low at $3.53 per enplaned passenger and are forecasted to rise to $4.78 with the issuance of additional debt during the next 10 years. Debt per enplaned passenger was low at $29 in 2001 but will rise to about $86 after taking into account planned future airport revenue bond and PFC debt issuances. Management intends to issue, including this issuance, a total of $116 million in GARBs and $79 million in bonds backed by PFC collections, including this issuance, during the next 10 years.

Even though there is a gross revenue pledge, Standard & Poor's evaluates the airport based on a net revenue pledge. From 2002-2011, net revenues yield average debt service coverage on the GARBs of 1.62x and a minimum of 1.51x in 2005. For the bonds that are backed by the combined pledge of PFC revenues and subordinate net revenues, Standard & Poor's calculates debt service coverage to average 1.78x and range from 1.59x-2.21x. Standard & Poor's calculates this debt service coverage by adding the available PFC collections and net revenues together and dividing by all outstanding debt service on the senior GARB debt and the PFC and subordinate-lien airport system revenue improvement bonds.

Capital Program

The airport's overall capital improvement plan for fiscal 2002-2011 calls for $425.6 million in expenditures. The main components are for terminal/gate expansion ($124 million), airfield improvements ($177 million), parking improvements ($52 million), and roadway improvements ($19 million). The plan includes the removal of the existing Terminal 2, which is more than 40 years old, and the addition of two concourses with corresponding terminal space. The plan calls for increasing the gates to 34 by 2015. Additional projects in the plan include: terminal renovation of existing facilities, additional public parking facilities (2,400 spaces), roadway improvements, and extension and improvement to two runways, along with supporting taxiways and aircraft apron.

Financing of this project will come from PFCs ($49 million for pay-as-you-go and $79 million from PFC debt), federal grants ($100 million), additional senior GARBs ($117 million), and the airport's own funds ($81 million). The city received authority to "impose and use" PFCs at $3.00 on five new projects and to "impose only" on six additional new projects. The city's record of decision was issued on Aug. 29, 2001, and the city began collecting the $3.00 per-paying-passenger enplaned PFC on Nov 21, 2001.

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